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# **Sri Lanka: A Handbook**

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*NESA 84-10281  
December 1984*

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# **Sri Lanka: A Handbook**

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This paper was prepared by [redacted] of  
the Office of Near Eastern and South Asian Analysis.  
The section on the economy was written by [redacted]

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This paper was coordinated with the Directorate of  
Operations [redacted]

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Comments and queries are welcome and may be  
directed to the Chief, South Asia Division, NES, on  
[redacted]

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**Introduction**

*Information available  
as of 13 August 1984  
was used in this report.*

Sri Lanka is a small island nation in the Indian Ocean near India. The country has been favored by geography, climate, and history:

- Its isolation has meant that it has been spared invasion in modern times.
- Its temperate climate guarantees two and sometimes three rice crops each year.
- Its citizens enjoy one of the highest literacy rates in Asia and one of the highest standards of living in the region.
- It received its independence from Great Britain in 1948 without a struggle.
- It has been governed since independence by a series of leaders elected by universal franchise.

Although Sri Lanka was spared much of the suffering that accompanied the birth of India and Pakistan, the country in recent years has come to share some of the same social and political problems that characterize its larger neighbors. Ethnic group identification has grown to be a major divisive force in the society. Political parties have attracted support by playing the aspirations of one caste or religious group against another. Competition for the benefits of modernization and the increased isolation of the major communal groups have led to a polarization of political views and the rise of communal extremists to leadership positions.

Communal tensions reached a critical point in July 1983 when Sinhalese mobs, infuriated by the government's failure to respond to increasing acts of terrorism by Tamil separatists, rampaged through the streets of Colombo burning and looting Tamil properties. More than 400 Tamils died, and tens of thousands were displaced. The 18 months following this outburst were characterized by continuing acts of violence by the Tamil separatists in the north of the country, bombings and assassinations in most of the major cities, and repeated instances of brutal reprisals by the security forces against Tamil civilians.

The violence of the last several years has revealed serious tensions that will continue to plague economic and social development in Sri Lanka. Large-scale development programs made possible by international financing, such as the Mahaweli Irrigation Project, raise problems in the equitable distribution of the benefits they will offer the country. The national economy, which had been so resilient during earlier ethnic frictions between the Tamils and Sinhalese, now appears more vulnerable. Sri Lanka's experiment in economic liberalization has helped stimulate rapid economic growth, but a recent slowdown and continued political instability have weakened both foreign and domestic investor confidence in the country.

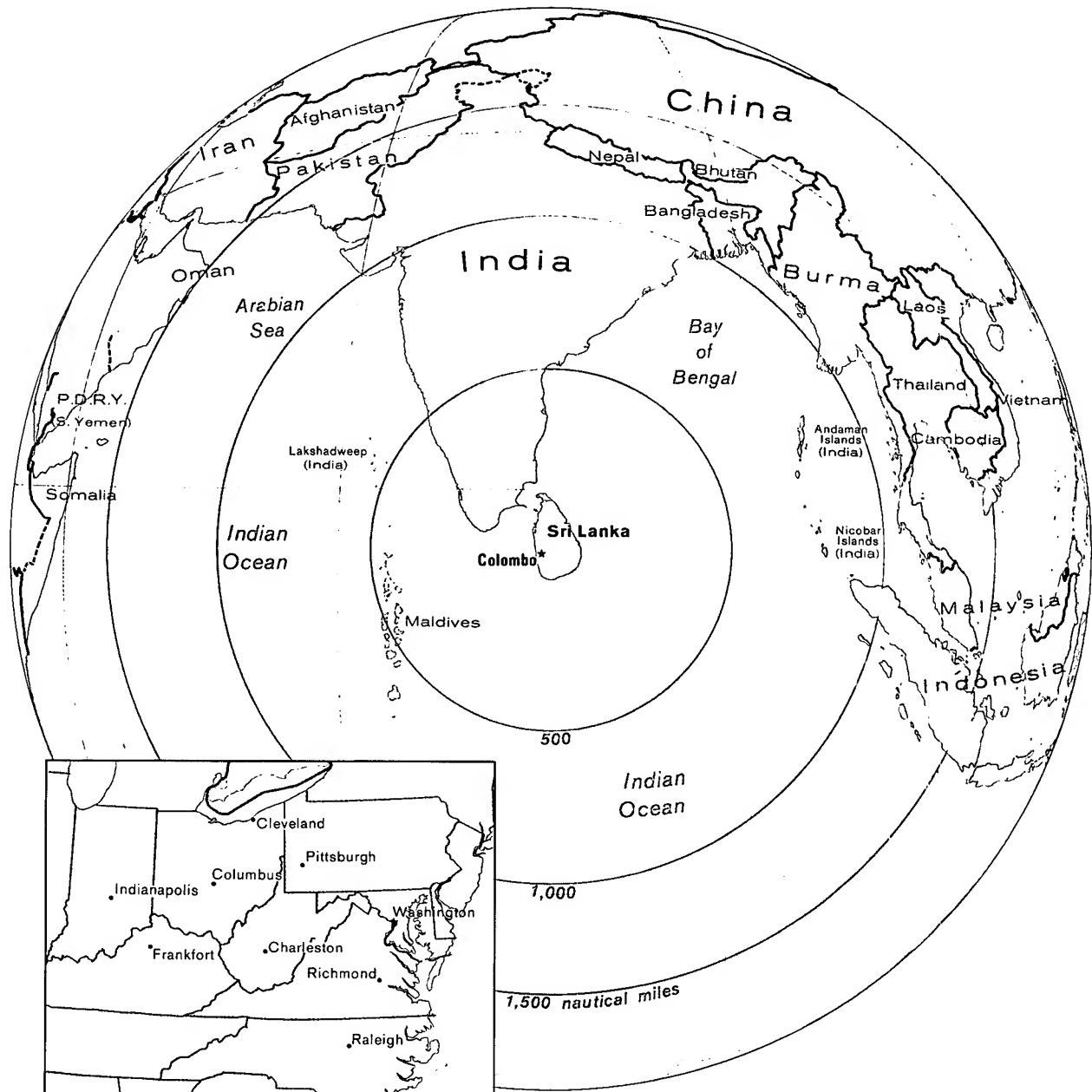
US interest in Sri Lanka is largely a reflection of the greater goal of preserving regional stability in South Asia. The continued growth of strong democratic institutions in Sri Lanka is an integral part of this regional stability. Although a member of the Nonaligned Movement, Sri Lanka under the guidance of President J. R. Jayewardene has drawn closer to the United States and looks to Washington for increased economic support in the coming years. Instability in Sri Lanka resulting from increasing friction between Tamils and Sinhalese threatens to draw India and its 40 million Tamils into the situation, which could lead to greater regional friction.

The Government of Sri Lanka is sensitive to the pressures of the continuing communal struggle. The Jayewardene administration is attempting to find a solution to the question of ethnic tensions that will satisfy the minority's demands without offending the needs of the majority community. The government hopes to find this solution before the continued unsettled situation costs the country more in lives and social disruption.

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**Figure 1**  
**Sri Lanka and Its Neighbors**



Boundary representation is  
not necessarily authoritative.

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## Geography

### Location

A teardrop-shaped island in the Indian Ocean, Sri Lanka is 30 kilometers southeast of the Indian sub-continent, separated by the narrow Palk Strait. Farther south, the Palk Strait widens into the Gulf of Mannar, which merges into the Indian Ocean. The country's land area is 65,610 square kilometers—about the size of the state of West Virginia. The island is roughly 440 kilometers long north to south and 260 kilometers at its widest point. [ ]

Sri Lanka has been featured in the mythology of many cultures over the centuries. Arab traders blown to its shores by storms believed they had found paradise and called the island Serendip, the root of the English term serendipity. In Hindu literature the island is referred to as Lanka, the home of the demon Ravana. Under the European colonial powers the country was called Ceylon. With the adoption of the 1972 Constitution, the Ceylonese restored the Sinhalese name, Sri Lanka. [ ]

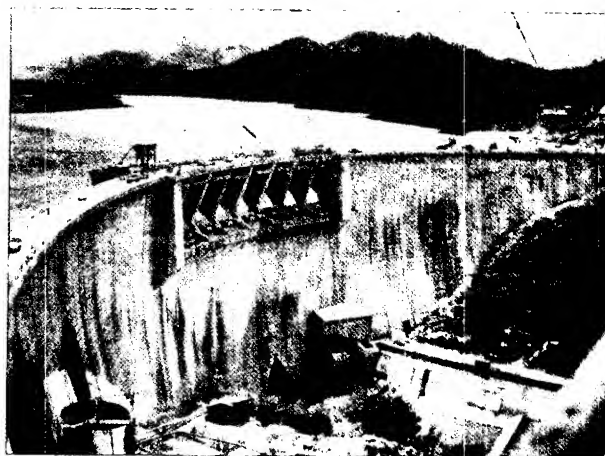
### Topography

Sri Lanka's diverse topography ranges from low-lying coastal areas to hilly regions in the interior. A coastal plain that is narrow on the west, east, and south broadens gradually to a large, dry zone in the north. The plain surrounds a central massif with elevations reaching 2,500 meters. Sixteen principal rivers originate in the hill country and flow in a radial pattern to the sea. The longest river, the Mahaweli Ganga (Mahaweli River), is 330 kilometers long. [ ]

Sri Lanka's many rivers and heavy annual rainfall produce ideal conditions for growing rice. Much of the coastal plain is characterized by a thin layer of topsoil over a base of impervious laterite, which provides optimal conditions for rice cultivation. The country regularly produces two rice crops, and intensely irrigated regions are capable of three annual harvests. [ ]

### Climate

Sea breezes, the altitude of the land, and moist air combine to keep the island reasonably cool despite the tropical location. Located 800 kilometers north of the Equator, Sri Lanka's climate is generally warm with



*Victoria Dam, one of several projects connected with the enormous Mahaweli Diversion Scheme, is a development program that will provide water and hydroelectric power to the island beginning sometime in 1986.* [ ]

Ceylon Daily News

even temperatures and high humidity. The mean annual temperature is 27.5°C with little seasonal change. In the central highlands temperatures range from 14°C to 29°C. Nuwara Eliya, the largest town in the central mountains, averages 15.4°C, and Trincomalee, a major port, averages 28.6°C. January is the coolest month, and May, the warmest. [ ]

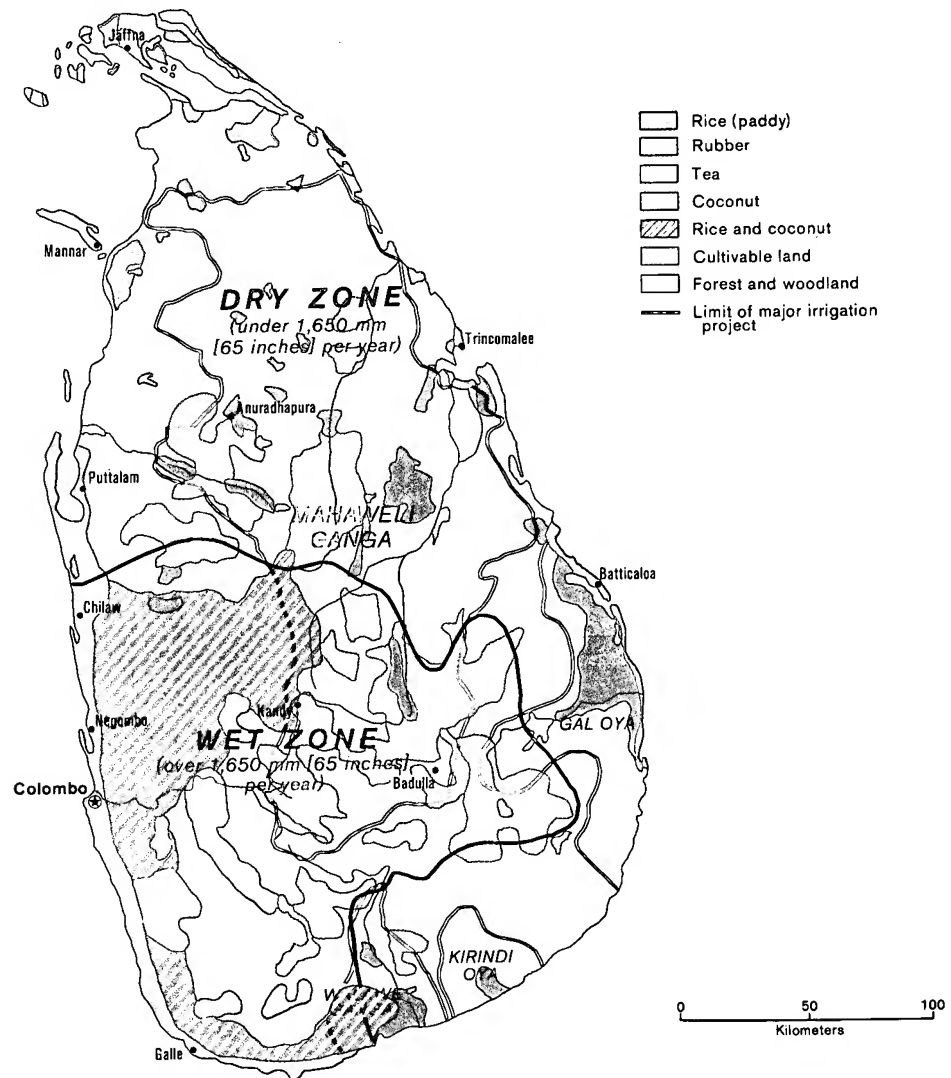
Rains are regular and generous throughout the year. Annual rainfall ranges from 130 centimeters in the dry eastern zone to 350 centimeters in the west. The first monsoon season occurs in late May from the southwest; and the second, in late November from the northeast. In the drier zones, rainfall is lost through evaporation and runoff, making irrigation and water storage systems necessary in spite of heavy rainfall over the entire island. The central mountains above 600 meters, where rainfall is especially heavy, are particularly favorable for tea, the country's major export product. [ ]

Sri Lankans rely on artificial catchment basins and irrigation canals to guarantee water for rice cultivation. Over the centuries, maintenance and control of this enormous system of tanks and streams have

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**Figure 2**  
**Land Use in Sri Lanka**



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*Tea pickers of the Indian Tamil minority group at work in the central highlands of the country.*



*A Sinhalese woman in the densely populated southwestern coastal region works in a rice nursery, bundling the young plants for later transplanting in nearby paddy fields.*

tended to centralize political power in a single national authority. Dynasties have risen and fallen as a consequence of gaining or losing control of the island's irrigation system. Even today, the Mahaweli project, the largest international development program in the country, is attempting to update and extend the centuries-old system of embankments, tanks, and canals extending over much of the northeast of the island.

#### **Natural Resources**

**Agriculture.** Nearly half the Sri Lankan work force is involved in agriculture either directly or through related services. The agricultural sector is sharply

divided between a well-defined, relatively sophisticated, large-scale plantation sector and a small-farmer subsistence sector. The plantation sector has its roots in the island's late 19th-century European colonial administration and is characterized by large, highly centralized holdings that produce largely for export. The subsistence sector reflects the small holdings and less formalized structure of the mixed paddy/slash-and-burn agriculture found throughout much of the subcontinent.

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Men work husking coconuts in the deep south of the island, producing copra for oil and animal fodder and coir to be made into rope for export.



In Colombo two Sinhalese brothers work in a family fruit stand that displays jakfruit, rambutans, mangosteens, bananas, coconuts, papayas, and avocados for sale.

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Tea, rubber, and coconut are Sri Lanka's main export crops and are the mainstays of the plantation sector. In 1982 these crops accounted for almost half of the cultivated land. Sri Lanka, as the world's third-largest producer of tea, exported 158 million kilograms in 1983, earning \$355 million.

Rice is the staple food of Sri Lanka. Rice paddies cover 30 percent of cultivated land and are found throughout the island. Other market crops include coconut, citronella, cardamom, tobacco, corn, manioc, chilies, and tropical fruits

**Livestock.** Livestock—including meat production, dairy farming, and egg production—traditionally has been a minor portion of private agriculture. Cattle and buffalo are valued most as draft animals. The entire cycle of production, transportation, and marketing of livestock products is in the hands of small private holdings. Since the mid-1960s the central government has become active in providing extension services to help small producers obtain new genetic strains, new production techniques, and cooperative marketing techniques.

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*Fishermen tend their nets near Negombo, center of Sri Lanka's small but powerful Sinhalese Catholic minority. The small canoes are used to fish the shallow lagoons that make up much of the northwestern shore of the island.*

**Fish.** The coastal lagoons and the coral reef surrounding the southern half of the island, as well as the major rivers, abound with fish. Foreign involvement in an advisory and support capacity increased in fishing and related services during the first part of the 1980s. Through a variety of projects coordinated by the United Nations, a number of Western development and investment programs have radically modernized the catching, production, and marketing of fish. Scandinavian countries have helped develop the Sri Lankan fishing industry, and each year an increasing amount of the annual catch is shipped to northern Europe.

**Petroleum and Minerals.** Sri Lanka possesses no proved hydrocarbon resources and must import all of its oil requirements, mostly in the form of crude oil that is refined locally. Oil imports—mainly from Iran, Iraq, and Saudi Arabia—account for nearly one-fourth of the country's annual import payments. Sri Lanka is rich in gemstones, graphite, mineral sands, quartz, mica, salt, limestone, iron ore, and several types of clay, but, except for gems, minerals are relatively unimportant to the economy, constituting about 1 percent of the value of Sri Lankan exports. Gem production continues to be a small-scale non-mechanized industry whose output has increased substantially in the past several years. Sri Lanka's gems—including sapphires, rubies, topazes, and emeralds—are famous for their abundance, variety, and quality. Most gem mines are in the southwestern interior of the island.

#### Human Resources

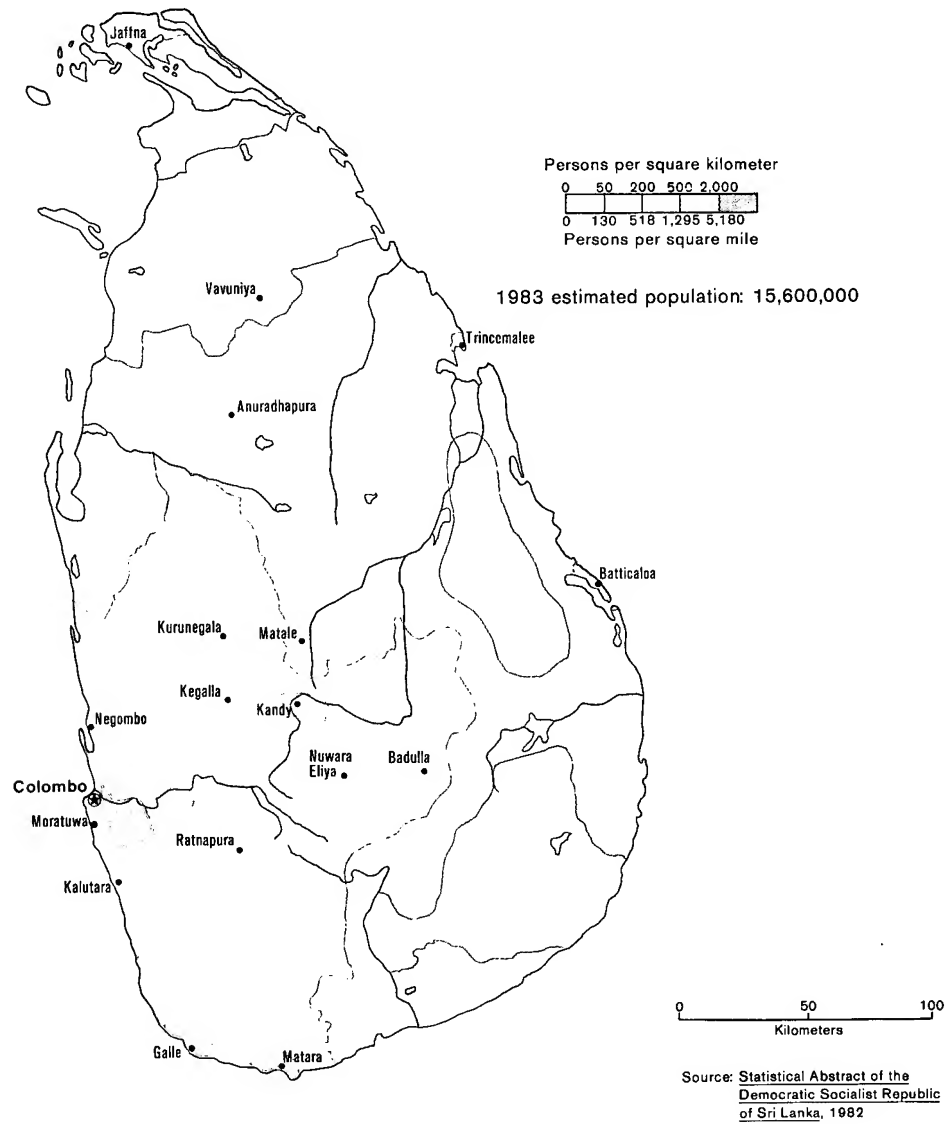
Sri Lanka's population in 1984 was estimated at 15.9 million. The country has one of the lowest population growth rates in Asia, largely a result of the national custom of marrying late and the success of government family-planning programs. Sri Lanka has one of the lowest infant mortality rates in Asia because of the success of disease eradication programs, a national health service, and food subsidies that ensure basic nutrition for the bulk of the population.

About 70 percent of the people live in the island's southwest, which has about three-fourths of the cultivated land and most of the country's industry. Although people have begun moving to towns, only one-fourth of the population is urban. Sri Lanka has sufficient arable land and water for its population.

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**Figure 3**  
**Population in Sri Lanka**



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## Society

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At the juncture of important sea routes in the Indian Ocean, Sri Lanka has been a prize for foreign domination and subject to a range of foreign influences. Various ethnic strains and cultural traditions have yielded a fragmented society, divided sharply by religious, cultural, class, and caste<sup>1</sup> differences. [ ]

Class and caste differences are firmly embedded in Sri Lankan society. Caste and its social proscriptions are more rigidly observed among the Hindu Tamils than the Buddhist Sinhalese. In the large urban areas of the southwest coast, caste is becoming a less important definer of social interaction. [ ]

Although both Sinhalese and Tamil villages appear isolated and conservative, as are most Asian agricultural communities, the country's high literacy rate—more than 85 percent—and the large number of local-language newspapers have helped create an informed and politically involved population. [ ]

### Ethnic Groups

The populace is divided into a large number of racial and religious groups. According to the 1981 census, 74 percent of the population are Sinhalese; 12.6 percent are Ceylon Tamils; 5.6 percent are Indian Tamils; and the remaining 7.8 percent include Moors, Burghers, and Malays. The Tamils, the second-largest ethnic group in the country, are related to the lowland peoples of south India and are predominant in northern and eastern Sri Lanka. Unlike the Sinhalese, who speak an Indo-European language and have remained largely Buddhist since 250 B.C., the Tamils have retained their Dravidian language and the classical Hinduism they brought with them from mainland India in the eighth century A.D. Ceylon Tamils arrived in Sri Lanka over 1,000 years ago and are concentrated largely in the northern and eastern provinces. Indian Tamils are immigrants from India

<sup>1</sup> *Caste* refers to the hereditary classes into which Hindus in India are divided by orthodox Hindu tradition. A person's caste traditionally dictated his social status, rules of social intercourse, customs, and occupation. [ ]

or descendants of immigrants who arrived on the island in the mid-1800s, working mainly as laborers on tea and rubber estates in the central highlands. [ ]

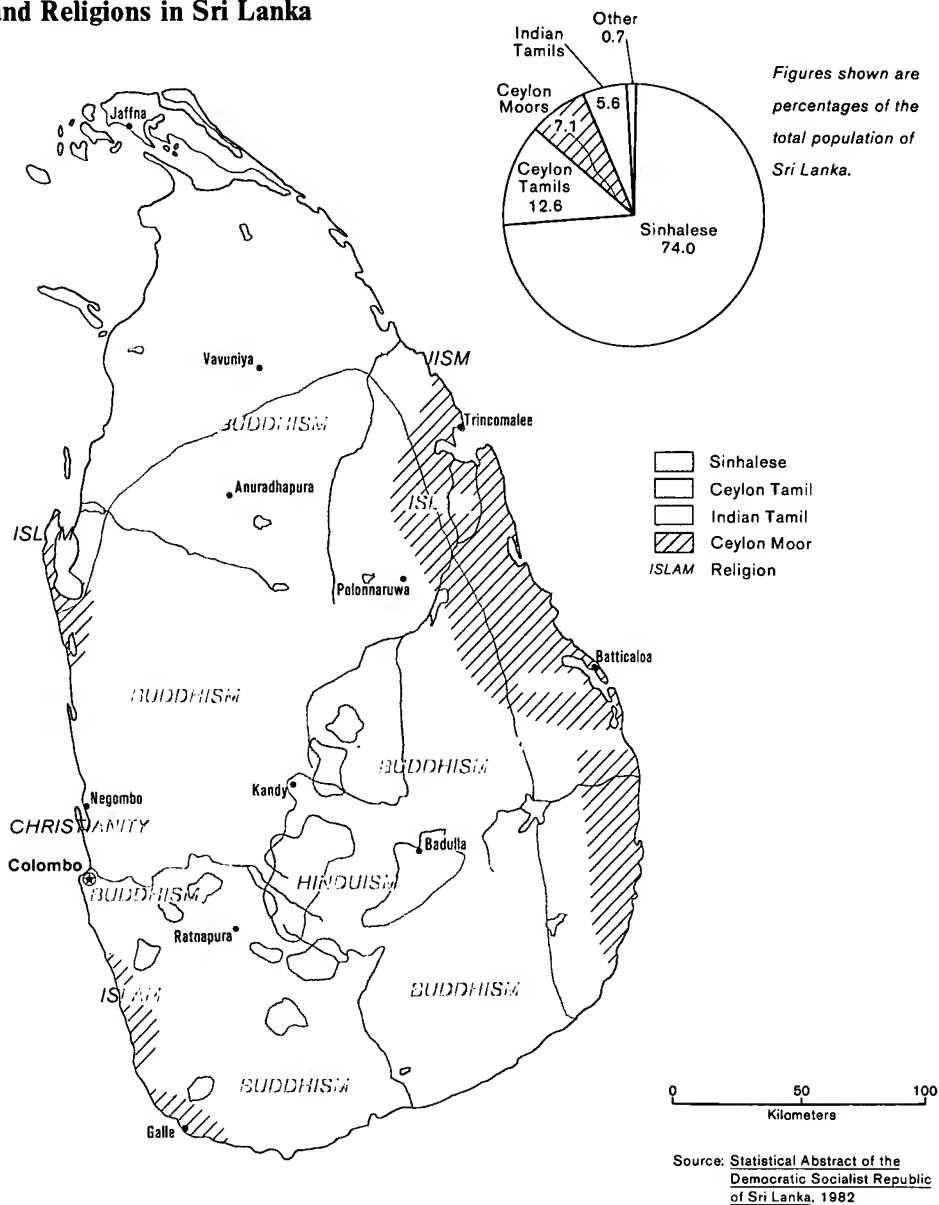
The Burghers, Moors, and Ceylon Tamils in Colombo and along the western coastal plains play a role in Sri Lankan society disproportionate to their numbers in the country at large. All three communities worked closely with the Western colonial governments and rose to positions of power and authority. By the time of national independence in 1948, the new government found that most of the country's commercial banks were in the hands of a few Tamil families, almost all of the lawyers and physicians were either Tamils or Burghers, and much of the foreign trade in the lucrative gem business was controlled by Ceylon Moors through their Muslim foreign connections. Efforts by the Sinhalese community to achieve parity in these fields have contributed to communal problems in the country since the mid-1950s. [ ]

*Sinhalese.* The Sinhala-speaking people of Sri Lanka have inhabited the island for about 2,500 years and are an offshoot of the Indo-Aryans who settled north India. Nearly constant war with the Tamil kingdoms of southern India, dynastic squabbling, recurrent drought, and European expansion forced the traditional culture from the coastal region to the mountainous region centered on Kandy and its environs. [ ]

Scholarly studies note that the Sinhalese share a common world view shaped by their self-perception as the inheritors of a great classical tradition. This view is marked by adherence to and respect for Buddhism, preservation of the Sinhala language, and resistance to foreign aggression—historically, Tamil expansionism. [ ]



**Figure 4**  
**Ethnolinguistic Groups and Religions in Sri Lanka**



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**Table 1**  
**Sri Lanka: Population, by Ethnic**  
**Group and Religion, 1981**

Ethnic Group	Number of Persons	Percent Population	Religion	Number of Persons	Percent of Population
Total	14,851,000	100.0	Total	14,851,000	100.0
Sinhalese	10,986,000	74.0	Buddhist	10,293,000	69.3
Ceylon Tamil	1,872,000	12.6	Hindu	2,296,000	15.5
Indian Tamil	825,000	5.6	Muslim	1,135,000	7.6
Ceylon Moor	1,057,000	7.1	Roman Catholic	1,010,000	6.8
Other	111,000	0.7	Other Christian	102,000	0.7
			Other	15,000	0.1

[REDACTED]

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Although villages in both the Sinhalese-settled areas and the Tamil regions of the north and east reflect the largely agricultural life of both communities, Sinhalese villages tend to be dispersed and physically ill defined. Village centers are little more than collections of a few shops situated around a general market area. Farmers' households are spread among the paddies, vegetable patches, and coconut groves in a seemingly random manner. Members of a household tend to be part of a nuclear family with the occasional addition of a widowed parent or an unwed sister. A large village may include a school, a Buddhist temple, and district agricultural extension offices. [REDACTED]

**Ceylon Tamils.** Ceylon Tamils migrated to Sri Lanka in several waves during the past 1,000 years and are concentrated largely in the north and northeast parts of the island. They are important in mercantile and financial activities throughout the country and form a large proportion of the country's professional classes. [REDACTED]

Tamil group identity is maintained through the use of the Tamil language and by observing distinctive features of caste and custom. Scholars note that Ceylon Tamils, aware that they share their language and customs with the much larger Tamil community of south India and with the substantial Tamil communities of Africa and southeast Asia, lack the sense of isolation and insularity exhibited by the Sinhalese. Ceylon Tamils are more than 90 percent Hindu [REDACTED]

Ceylon Tamil settlements in the island reflect the south Indian Hindu ideal of the extended family living within its well-defined compound. Tamil households regularly include the oldest members of the lineage—the father, grandfather, and their brothers—as well as married sons, their families, and any unwed daughters. Tamil compounds are generally demarcated by fences or walls and optimally include a family well, animal pens, and a few fruit trees. Households are built close together so that the shared walls and fences give an impression of a single solid edifice to the casual observer. [REDACTED]

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**Indian Tamils.** The Indian Tamils form a distinct segment of Sri Lanka's Tamil population. Most are descendants of the agricultural laborers from south India recruited during the British colonial period to work on tea plantations in the central highlands. Isolated geographically from the rest of the country's Tamils, they are in large part members of low Hindu castes and do not identify with the Ceylon Tamils. They have not been actively involved in the country's communal conflicts, although many isolated Indian Tamil villages have become Sinhalese targets during communal disturbances. [REDACTED]

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A market in the center of a small upcountry village. [redacted]

Roloff Beny

**Muslims.** Although the majority of the country's population is either Tamil or Sinhalese, urban areas and the east coast have substantial numbers of Muslims, who comprise nearly 8 percent of the country's population. Sri Lanka's Muslim community is composed of two separate groups—Ceylon Moors, largely the descendants of Arab and Indian coastal traders; and Malays, a small community descended from Malayan mercenaries brought to Colombo by the British in the mid-19th century. Much of the country's lucrative gem trade is in the hands of Muslim families, whose extensive foreign contacts in Islamic countries have helped them internationalize the marketing of Sri Lanka's precious stones. [redacted]

Almost all Muslims in the country speak Tamil as their native language, but they have not identified with the larger Tamil community. Muslims are widely dispersed throughout the country and are found in all occupations. On the west coast they are generally located in the maritime cities. Muslims in the east are prominent in fishing and agriculture. Coastal Muslims have on occasion been victims of Sinhalese communal riots. [redacted]

**Burghers.** Colombo is the center of the small Burgher community, which traces its roots to the Portuguese and Dutch colonial administrators who ruled Sri Lanka until the 19th century. Burghers are often English educated, urban, and either in the professions or hold directing interest in the country's older mercantile houses. The rise of Sinhalese nationalism has driven many Burghers to emigrate, mostly to Europe and Australia, taking with them their valuable skills and talents. [redacted]

### Religion

Religion is important in the life of the nation and in the daily interplay among members of various communities. The Sinhalese majority is overwhelmingly Buddhist (93 percent), and the cultural norms and values common to Buddhism have prevailed since the introduction of the religion in the third century B.C. [redacted]

**Buddhism.** Sinhalese practice the Theravada school of Buddhism common to Burma, Laos, Cambodia (Kampuchea), Thailand, and parts of Vietnam. Theravada Buddhism is a highly conservative teaching that looks back to the fifth century B.C. for its traditions. The classical tradition calls for the veneration of the Buddha, his teaching, and the order of the monks that embody these teachings for the lay follower. In contrast to Western religious traditions, Theravada Buddhism is highly personal, unstructured, and nonhierarchical and appears to the outsider as casual and ill defined. [redacted]

Buddhism is embedded in the Sinhalese perception of country and nation. Both Sinhalese and Tamil dynasties ruled as consecrated protectors of Buddhism. For the average villager, to be Sinhalese means being Buddhist and speaking Sinhala. Although large numbers of the indigenous administrative class under the various colonial powers converted to Roman Catholicism or the Church of England and adopted Western names, within months of independence they reverted to their Sinhala names and their traditional Buddhism. Since 1948 all the prime ministers and presidents of the country have been Buddhists and, with one recent exception, have been drawn from the highest of the Sinhalese Buddhist castes. [redacted]

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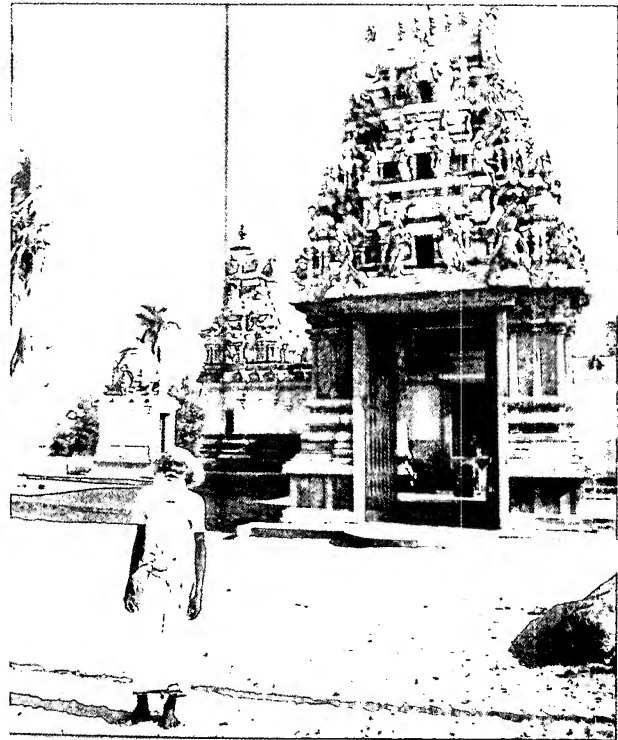


*Richly decorated elephants carry the crystal casket that holds Buddha's tooth through the streets of Kandy, traditional seat of the Sinhalese kings, during the Esala Perahera, a weeklong Sinhalese Buddhist festival that falls in late summer.*

Buddhism plays a profound role in shaping the social and political thinking of the Sinhalese. The resurgence of the religion in the last few decades coupled with the political utility of identifying the Sinhalese people, the Sinhala language, and the Sinhalese homeland as a rallying point are powerful factors increasing the polarization of the Tamil and Sinhalese communities.

**Hinduism.** Hinduism as practiced among Sri Lanka's Tamils is less structured than the dominant Buddhism. Although related to the forms of the religion practiced throughout south India, it has developed unique traditions. A prominent Hindu scholar, late in the last century, led a movement to revitalize the religion and transformed Jaffna into one of the main centers for the study of the Shaiva Siddhanta school of Hinduism. The majority of the Hindu community follows the reform Shaiva Siddhanta school, which evolved from his teachings.

Even among non-Hindu Tamils the classical literature and cultural traditions associated with the religion are powerful symbols and form the core of Tamil social identity. A significant number of the leaders of Tamil



*A Hindu priest in the largely Tamil Eastern Province stands outside the gate of his temple near the beach.*

political organizations have converted to Catholicism but continue to identify their community's goals with that of other Tamil speakers on the island. Hindu religious leaders have not taken an active role in the political affairs of the Tamil community.

**Islam.** Nearly 8 percent of Sri Lankans are Muslims, divided between a Malay community in the south and the Ceylon Moor community found throughout the coastal region and urban areas. Nearly all Muslims in Sri Lanka are followers of the Sunni school and maintain relations with the Islamic institutions of the Arab world. Almost all Muslims use Tamil as their native language, but many are bilingual in Sinhalese. Efforts by Shia religious teachers from Iran to gain influence within the Ceylon Moor community have been unsuccessful.

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**Buddhism and Buddhist Institutions in Sri Lanka**

*Through the patronage of ruling dynasties, Buddhism rapidly became the dominant religion of the country following its introduction from India. The Theravada school became the established religion of the court by the medieval period.* [ ]

*Under colonial rule the country's Buddhist institutions came under increasing attack. Although the British had guaranteed support and protection for Buddhism in the Treaty of 1815, by the end of the 19th century they had nearly destroyed the traditional social structure that maintained the clergy. Schools, lands, and other sources of revenue passed into the hands of the Colonial Office. The British effectively disestablished the patronage and support relationship between church and state. As a consequence, the number of Buddhist monks was reduced to a mere handful spread thinly around the country.* [ ]

*Buddhism began to reestablish itself in the country in the first decades of this century. Nationalist groups renounced the trappings of colonialism and began to foster a resurgence of traditional Sinhalese culture, including support to the Buddhist clergy and the social institutions of the religion.* [ ]

*With independence in 1948, Buddhism reasserted its influence as the reservoir of Sinhalese language and custom. The number of monks in the country grew rapidly, the traditional system of monk-teachers in the schools reappeared, and monks began to enter new fields such as politics, medicine, and government service. Monks began to be seen as nationalist leaders and to gain fame for their impassioned public sermons calling for the establishment of Sinhala as the national language. The apex of Buddhist monk involvement in national politics occurred in 1959 when, at the height of the "Sinhala Only" movement, a radical monk assassinated Prime Minister S. W. R. D. Bandaranaike.* [ ]

*At the village level Sri Lankan Buddhism has incorporated many of the beliefs and customs of the minority Hindu community. Buddhism is absorptive and tolerant—village temples regularly incorporate shrines to a variety of Hindu deities who are described as "protectors" of Buddha and his followers. Buddhists and Hindus share many of the facilities in the large national shrines spread around the island, and the civil courts are often clogged with cases of Buddhist monks disputing ownership of a particularly popular shrine with the resident Hindu swami.* [ ]

**Christianity.** Sri Lanka's Christian community traces its roots to Portuguese colonial influence in the 17th century. Almost all of the community subscribes to Roman Catholicism, with smaller groups of Anglicans and other Protestant groups. Since 1948 each government has passed legislation to protect the country's Buddhist majority from the influence of Western missionaries—members of foreign religious orders are not allowed in the country except as tourists. Even more than the Muslim minority, the Christians have created schools and institutions to preserve their traditions, and their role in education has been important in giving Sri Lanka one of the highest literacy rates in Asia. [ ]

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## Economy

Although Sri Lanka's per capita income in 1983 was only \$330, its low population growth, high literacy, and high life expectancy are more consistent with advanced rather than less developed nations. Sluggish export performance, a growing debt burden, and ethnic turmoil have slowed economic growth and eroded investor confidence. Still Sri Lanka is one of the more prosperous states in South Asia. [ ]

### The Colonial Legacy

The colonial experience has shaped the major contours of Sri Lanka's postindependence economy. Beginning in the mid-19th century, British rule helped establish an export-oriented economy built on plantation crops—tea, rubber, and coconuts—which provided a healthy trade surplus. Sri Lanka's role in the British imperial economic system as a supplier of tea and raw materials inhibited the development of an economy less dependent on volatile international commodity markets. [ ]

### Economic Policy Since Independence

Since independence in 1948, Sri Lanka has experimented with a series of economic plans to diversify its commodity-based economy. The first two plans—the six-year plan of 1954 and the 10-year plan of 1959—were largely ineffective in restructuring the economy and increasing employment. Sri Lanka suffered from chronic foreign exchange shortages and poor plan implementation. The government's attempts to develop a more flexible policy during 1965-70 also failed, and in 1971 the Bandaranaike administration returned to comprehensive economic planning, which provided a framework for socialism in Sri Lanka. [ ]

Prime Minister Sirimavo Bandaranaike's socialist-oriented economic policies focused on equity, self-sufficiency, import substitution, and regulated growth. The populist policies included increased taxes on the rich, land reform, nationalization of tea estates, emphasis on public-sector industries, and wage increases for low-paid workers. The centerpiece of its new welfare system was a liberal rice distribution program, which guaranteed low-cost food for most Sri Lankans. [ ]

Although partly successful, the Bandaranaike program proved financially untenable and caused economic growth to stagnate. By 1973 the new welfare policies helped increase the share of income earned by the lower half of households by 37 percent, and increased food rations raised nutritional levels, which improved health and helped lower the population growth rate. Spending on the generous welfare system, however, raised public deficits, worsened foreign payments problems, and nearly bankrupted the country. GNP growth slowed to under 3 percent per year. [ ]

With the election of J. R. Jayewardene in 1977, Colombo attempted to revive the economy by moving to a free market oriented system. One of its first steps was to restructure foreign exchange regulations and allow the overvalued rupee to fluctuate. The resulting currency devaluation paved the way for the dismantling of onerous trade controls and facilitated the import of consumer as well as capital goods and raw materials necessary to the development of manufactured exports. [ ]

The new economic policy emphasized growth through diversification of exports and self-sufficiency in food-grain production and energy. Export industries were promoted in the newly established Investment Promotion Zone (IPZ). Foreign capital was courted with the aid of generous tax holidays, lower import duties, and safeguards on capital repatriation. To protect established local industries, a graduated tariff system was substituted for import controls. Foreign aid was used to bring containerization to the port of Colombo, and the island's road system was repaved to facilitate the distribution of goods. [ ]

To develop agriculture and energy, the government accelerated the longstanding Mahaweli irrigation and hydroelectric power project. The massive undertaking

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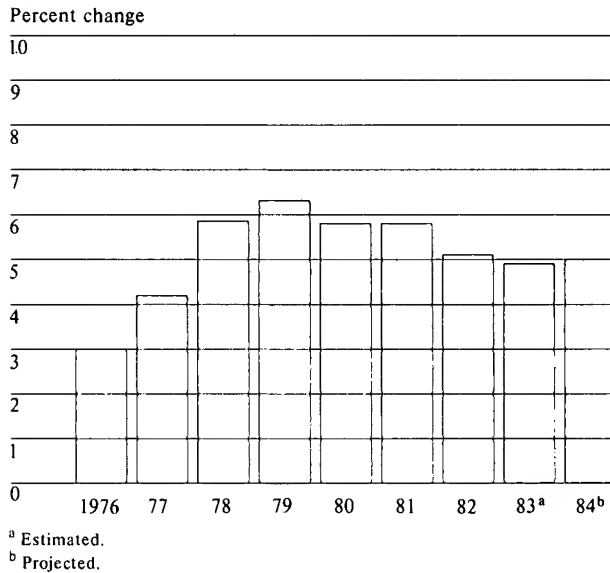
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**Figure 5**  
**GDP Growth Rate, 1976-84**



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is designed to provide irrigation for over 140,000 hectares and land for nearly 150,000 farm families in Sri Lanka's underdeveloped "Dry Zone." The \$2 billion project, largely financed by foreign aid, is due to be completed by the end of the decade. The projected increase in electric power and irrigation could enable Sri Lanka to approach foodgrain and energy self-sufficiency.

#### **Economic Growth, Income, and Employment**

The liberalization program under Jayewardene and the accompanying increase in foreign aid have improved the performance of the Sri Lankan economy. Real GDP growth rates, which averaged less than 3 percent per year during the Bandaranaike period, have averaged about 6 percent per year since 1977. Much of the new growth has been concentrated in construction and services, particularly trade and tourism. An impressive increase was also registered in nontraditional exports such as textiles and clothing. Since 1982 the growth rate has slowed because of poor economic policy implementation, world recession, drought, and severe ethnic riots that disrupted

the trade and manufacturing sectors and put nearly 50,000 people out of work during the summer of 1983.

Since 1977 annual growth in real per capita income has averaged 3.6 percent as population growth slowed and the economy expanded. In 1981 Sri Lanka estimated that the lowest one-third of households increased their share of income 30 percent, while the top third's share declined 1 percent. But inflation, which has averaged nearly 13 percent per year since liberalization, threatens to erode Sri Lankans' income gains.

One of the major successes of Jayewardene's liberalization policy has been a reduction in unemployment. New jobs created by increased investment have lowered the unemployment rate from a peak of 24 percent of the work force during the Bandaranaike period to about 14 percent in 1983. Over the past five years, most employment growth has been in manufacturing, construction, and tourism. The share of workers in agriculture has declined but still accounts for nearly half of all employment. Over the decade unemployment is likely to rise because growth in manufacturing, construction, and tourism is expected to slow.

Labor migration to the Gulf states is an increasing source of employment and foreign exchange for Sri Lanka. The government estimates that over 150,000 Sri Lankans are working abroad with about 25,000 new migrants leaving each year. Official data may seriously underestimate the dimensions of labor migration because over half of those seeking employment work through unlicensed and uncounted recruiting agencies. Many expatriate Sri Lankan workers are from the lower-income groups, particularly women who are destined for poor-paying service jobs. Remittances from overseas workers provided a record \$290 million in 1983, second only to tea as Sri Lanka's leading export earner.

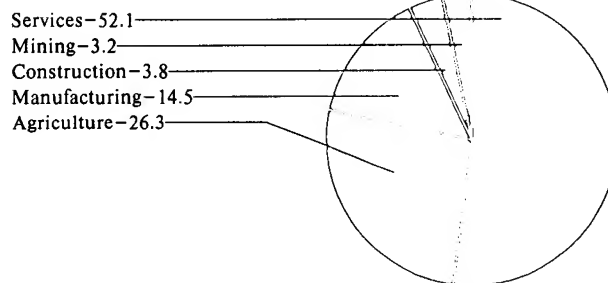
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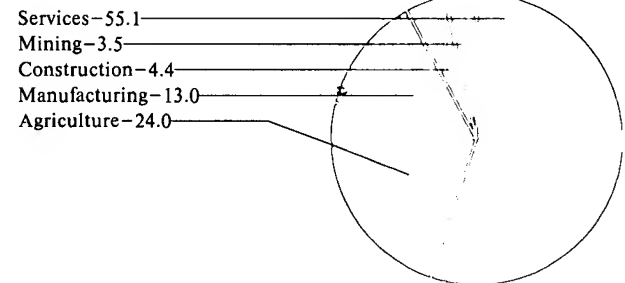
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**Figure 6**  
**Sectoral GDP at Factor Cost, 1977 and 1983<sup>a</sup>**

1977



1983

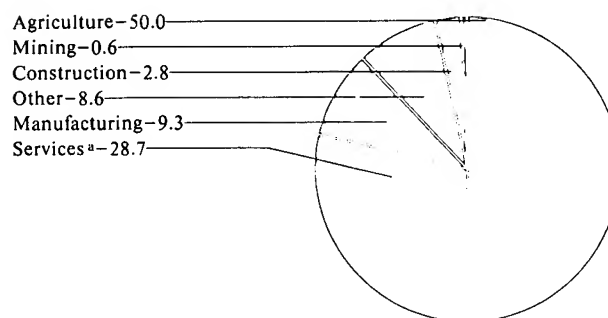
<sup>a</sup> 1970 prices.

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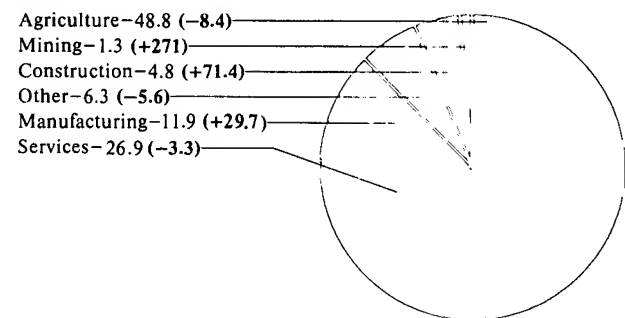
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**Figure 7**  
**Employment by Sector, 1971 and 1981**

1971



1981 (Percent change)



<sup>a</sup> Includes: Electricity, gas, water trade, restaurants, transport, communication, finance, business, community services.

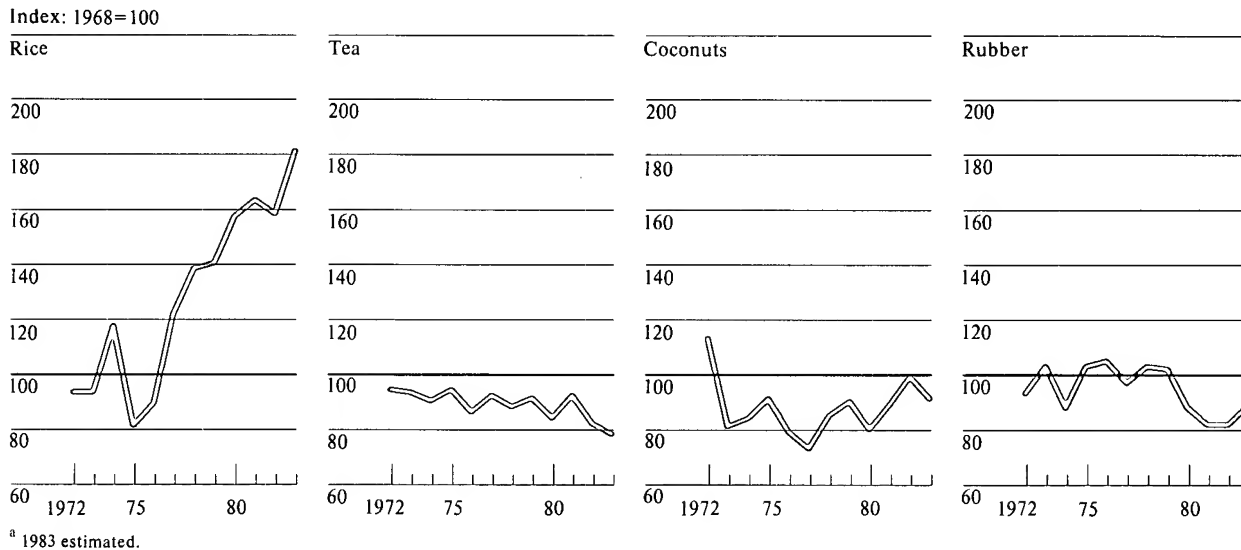
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**Figure 8**  
**Crop Production Index, 1972-83<sup>a</sup>**



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### Main Sectors of the Economy

**Agriculture.** Agriculture still dominates the Sri Lankan economy. It accounts for about 25 percent of GDP and provides jobs for nearly half of the work force. The major crops—tea, rubber, coconuts, and rice—are grown on over half of Sri Lanka's arable land.

Tea remains Sri Lanka's major foreign exchange earner, but declining production and foreign competition hamper export growth. With the entrance of new producers, Sri Lanka's share, which had been nearly 40 percent of the world market in the mid-1950s, had declined to about 20 percent by 1982. In 1983 tea exports earned Sri Lanka over \$350 million, a 16-percent increase over 1982. In 1972 land reform and nationalization divided tea production between small estates and government-run plantations. Government ownership and tenure reforms have done little to improve production, which has steadily declined because of mismanagement, limited investment, and occasional drought.

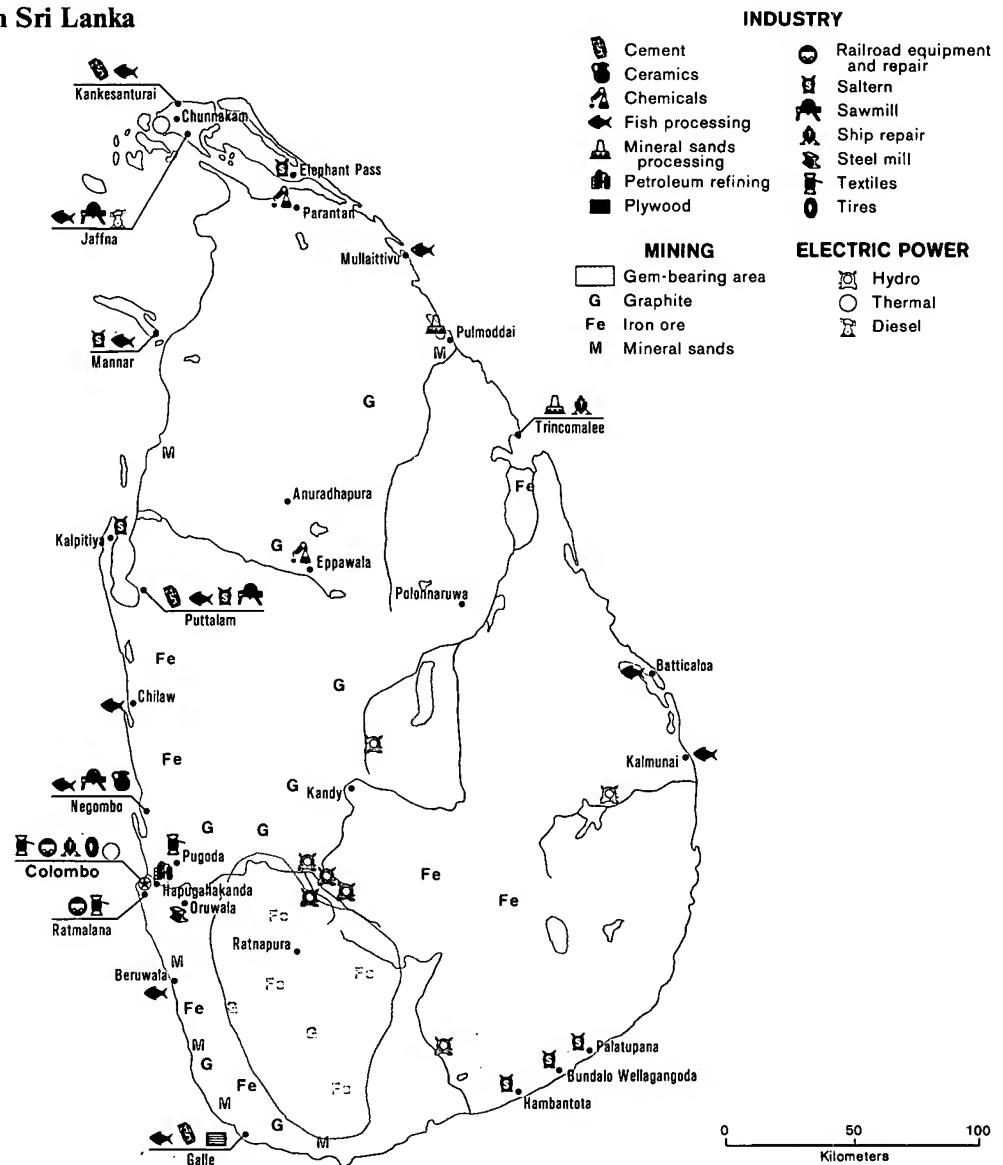
A dramatic increase in rice production has been a key achievement of the Jayewardene regime. Previously dependent on imported rice, Sri Lanka is now nearly self-sufficient. By 1983 high-yielding varieties covered over 90 percent of Sri Lanka's rice land, raising yields and production nearly 50 percent since 1974. The improvement was aided by policies that provided a mix of market and production incentives to small ricegrowers.

**Industry.** Between 1976 and 1983 industrial output grew at an annual rate of 12 percent with the most rapid growth occurring in export-based industries. Although liberalization under Jayewardene has emphasized new investment in private export-oriented firms, over two-thirds of factory production remains in the less efficient public sector.

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**Figure 9**  
**Economic Activity in Sri Lanka**



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The dominance of publicly owned enterprises dates from the early 1970s. In 1984, 27 state-owned industrial corporations produced a wide range of products, such as milk, tires, paper, and plywood. The major state undertaking, petroleum refining, accounted for over 40 percent of the value of industrial production in 1983. Growth in public-sector output has been sluggish with the exception of cement and metal processing, which were stimulated by a rapid rise in construction. Industrial stagnation forced Colombo to absorb losses amounting to \$27 million in 1982 that strained already massive public deficits. According to the World Bank, public-sector inefficiencies have constrained export growth by misallocating scarce resources and distorting production incentives.

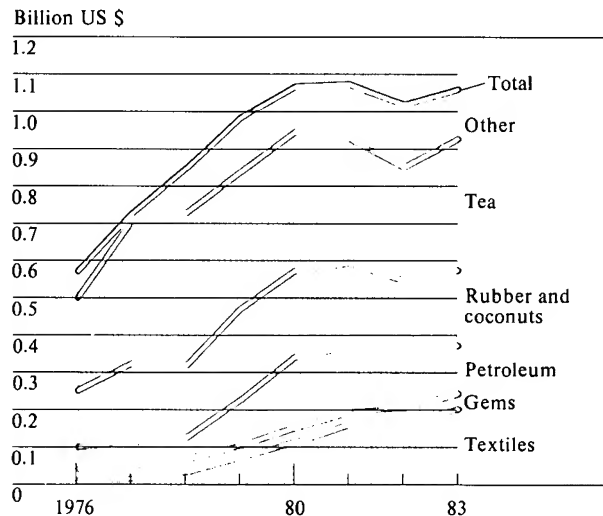
#### Foreign Investment

Jayewardene's liberalization program has stimulated foreign investment in Sri Lanka. Almost all foreign investment has been channeled through two government agencies, the Greater Colombo Economic Commission (GCEC) and the Foreign Investments Advisory Commission (FIAC). GCEC regulates foreign investment in the export-oriented production of the Industrial Promotion Zone (IPZ) outside Colombo. Foreign investment made outside the IPZ requires the approval of the Foreign Investments Advisory Commission. FIAC-approved joint ventures, which can produce for the domestic market, require 51-percent Sri Lankan participation.

Joint ventures with domestic entrepreneurs outside the IPZ appear to have attracted more interest from foreign investors than solely export-oriented projects. Since 1978 there has been a threefold increase in the number of approvals by FIAC, although interest in the export-oriented GCEC has steadily declined. The decline in GCEC approvals reflects, in part, the saturation of export quotas and increased foreign competition in textiles and garments, which accounted for about 78 percent of the zone's export earnings in 1982. Although down from the peak year of 1981, foreign investment approvals outside the free trade zone have remained relatively steady because equity and risk are limited, opportunities are more varied, and the domestic market has grown relative to export potential.

The dilatory restoration of public order by the government after the ethnic riots of July 1983 as well as

**Figure 10**  
**Exports, 1976-83**



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vacillating government economic policies have reduced investor confidence in Sri Lanka. The 1983 riots are estimated to have caused \$150,000 in damage and a 23-percent drop in tourist earnings, which has slowed economic growth. The unstable social environment left in the riots' wake, followed by more ethnic violence in 1984, has caused foreign and domestic businessmen to reconsider new investment. This is reflected in an 18-percent decline in GCEC and a sharp drop in FIAC approvals, particularly in manufacturing and tourism, which account for approximately 70 percent of collaborations with foreign firms.

#### Foreign Trade, Balance of Payments, and Foreign Aid

Foreign trade is a major element in Sri Lanka's economy. In 1983 trade totaled \$3 billion, an amount equivalent to nearly 60 percent of GDP. Although Sri Lanka's traditional plantation crops still account for over half of all exports in 1983, diversification under liberalization has altered Sri Lanka's export profile.

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**Table 2**  
**Sri Lanka: Trade Balance, 1976-84**

Million US \$

	Exports (f.o.b.)	Imports (c.i.f.)	Net Current Account Balance
1976	556	640	-65
1977	747	716	78
1978	846	999	-124
1979	982	1,450	-372
1980	1,065	2,051	-798
1981	1,066	1,877	-603
1982	1,014	1,990	-734
1983	1,059	1,922	-646
1984 <sup>a</sup>	1,329	2,100	-553

<sup>a</sup> Projected.

Exports of textiles and garments have shown the most dramatic growth and have captured nearly a 19-percent share of exports in 1983, as compared with only 7 percent in 1979. [ ]

A major destabilizing effect of the recent liberalization program has been a rapid increase in imports. With the relaxation of currency and trade controls and increased foreign aid after 1977, imports have grown twice as fast as exports, and the current account deficit soared. [ ]

Sri Lanka recently has begun to reduce its massive current account deficit. A sharp rise in tea prices in 1983, which alone accounted for over 50 percent of the increase in export earnings, and a steady flow of remittances from Sri Lankan workers in the Arab Gulf states shrank the trade deficit. In addition, imports have declined 6 percent between 1980 and 1983 because of reduced public investment and IMF-mandated austerity measures, which led to a depreciation of the rupee and a slowing of economic growth. [ ]

Foreign aid has played a crucial role in financing Sri Lanka's ambitious development programs. The restructuring of the economy envisioned by the liberalization program required a dramatic increase in external aid. Since 1977 the major institutional and

**Table 3**  
**Sri Lanka: Debt Service Ratio, <sup>a</sup>**  
**1976-84**

	Percent
1976	20.1
1977	16.0
1978	15.5
1979	12.1
1980	12.2
1981	16.5
1982	18.4
1983	22.0
1984 <sup>b</sup>	24.0

<sup>a</sup> Debt service as a percent of exports of goods and services.<sup>b</sup> Projected.

bilateral donors—the International Monetary Fund, the World Bank, and the Asian Development Bank—as well as the United States, the United Kingdom, and Japan have provided the bulk of Sri Lanka's concessional, grant, and commodity aid. Aid commitments, after rising from \$250 million in 1977 to a peak of \$800 million in 1981, had fallen to approximately \$370 million by 1983. [ ]

To finance the large current account deficits and proceed with ambitious development programs, Colombo has increased its foreign borrowing, particularly short-term loans. Outstanding short-term loans rose from \$23 million in 1979 to about \$200 million in early 1982. During the first six months of 1983, short-term credits met over 45 percent of the external resource gap. Foreign assistance financed up to 52 percent of Sri Lanka's current account deficits between 1980 and 1983. As medium- and long-term loans come due over the next few years, Sri Lanka will face serious debt service problems unless the growth in imports is further curtailed and export performance improved. [ ]

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Situation

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## Political Situation

### Government Structure

Sri Lanka is one of the few democracies among the developing countries. Party strength and active participation in the country's electoral process by the majority of the electorate are the principal factors in the country's political stability. [ ]

Sri Lanka's political system has its foundation in the British colonial administration. During the 150 years of British rule, the internal administration of the country gradually passed into the hands of the Ceylonese in contrast to the violent revolutions that marked the birth of other Asian democracies. The Donoughmore Commission recommended that all substantive functions of domestic government be turned over to elected local officials in 1931. From that time until independence in 1948, Ceylonese politicians were responsible for the management of the country with the exception of foreign affairs, which remained in British hands. [ ]

The Constitution of 1947 has been amended several times to adapt the Westminster parliamentary model to the specific needs of a small, ethnically heterogeneous Asian country. The most recent update, the Constitution of 1978 with its six amendments, has reconfigured the government along the Gaullist presidential/parliamentary model. This system, instituted by J. R. Jayewardene and his UNP government immediately after their landslide victory in the 1977 election, centralizes the essential powers of the executive branch in the President's office. The 168-member unicameral Parliament shares power with the President [ ]

The President is head of state, head of government, head of the executive branch, and commander in chief of the armed forces. Although the President theoretically is responsible to Parliament and may not veto its bills, the Parliament has no means, short of impeachment, to make him accountable for his actions. Unlike the previous system, the President does not need to seek the advice of the Prime Minister before acting. J. R. Jayewardene became the first President for a six-year term in October 1982. [ ]



*Aerial view of the Colombo Harbor, with the center of the city clustered around the colonial fort in the upper left of the picture.*

### Party Politics

The major political parties can trace their development to the period before independence and the network of local organizations that developed around powerful personalities active in the independence movement. Caste, family, and class connections dominated the formation of the early parties. The founders of the largest political parties were products of the British colonial educational system and in many cases were drawn from the same social class. [ ]

By the mid-1940s, Ceylonese parties were already deeply split by ethnic tensions and religious rivalries. The need to present a united front in negotiations with the British blurred these cleavages, and an uneasy truce was maintained until 1956. In that year the first Sri Lanka Freedom Party government led by S. W.

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R. D. Bandaranaike launched the "Sinhala Only" campaign, attempting to make Sinhala the sole language of government. Mass demonstrations by Tamils against this measure revealed for the first time the depth of communal feeling dividing the country's ethnic groups. [ ]

The forming of political constituencies along communal lines has accelerated. Subsequent elections have consequently been marked by higher levels of ethnic rhetoric and communal violence. [ ]

Political power in Sri Lanka has alternated between the two largest Sinhalese parties, the Sri Lanka Freedom Party and the United National Party. Since independence in 1948, the government has alternated between UNP and SLFP leaders five times. The chief executives have been members of only three Sinhalese upper-caste families during that period. [ ]

Seven political parties in Sri Lanka have significant constituencies:

- The *United National Party (UNP)*, the party of President J. R. Jayewardene, was founded by Don Stephen Senanayake in 1946 and rapidly became the favored party of the Westernized Sinhalese urban elite. The party has been dominated by members of two wealthy, high-caste Buddhist families—the Senanayakes (including Don Stephen's cousin, Sir John Kotelawala, Prime Minister 1952-56) and the Jayewardenes. The party leadership is often characterized by the opposition as dominated by low-country Sinhalese who have inherited much of the colonial mentality. Scholars have noted that, although the Senanayake family name attracted the masses, it has been Jayewardene's astuteness and toughness that have given the party direction since independence.
- The *Sri Lanka Freedom Party (SLFP)* is the main threat to the UNP. The party was begun by S. W. R. D. Bandaranaike in 1951 after he resigned from Prime Minister Senanayake's UNP Cabinet. The SLFP was billed as "a middle party between the UNP of the extreme right and the Marxists on the extreme left." Bandaranaike became Prime Minister in 1956 and put forward a foreign policy of "dynamic neutralism," asserting that friendly relations with all countries should be established and adherence to major power blocs avoided. The assassination of S. W. R. D. Bandaranaike in 1959 led to the election of his wife Sirimavo in 1960. During her two terms in office (1960-65, 1970-77), Mrs. Bandaranaike led the country down a more socialist path—nationalizing private industries, banks, tea estates, foreign holdings, and most schools.
- The *Tamil United Liberation Front (TULF)* was formed in 1976 out of the merger of other Tamil parties to dramatize demands by moderate Tamils for the creation of a separate Tamil homeland in the country. The party's first president, Appapillai Amirthalingam, became leader of the opposition in Parliament following the 1977 general election. The TULF remained a voice for the majority of Ceylon Tamils until it was outlawed by the Sixth Amendment to the Constitution (September 1983), which forbids parties advocating partition of the country. Although Amirthalingam has represented the TULF at the communal reconciliation talks called by President Jayewardene in January 1984, fear and frustration have driven many Tamils to support the more violent demands of the Tamil insurgents, leaving the TULF to reevaluate its role in the community's life.
- The *Lanka Sama Samaja Party (Sri Lanka Socialist Party—LSSP)*, founded in 1935, began as a Marxist group and turned Trotskyite in the late 1930s. As the most powerful of all the Communist parties, the LSSP is continually involved with questions of unity of the left, electoral support, trade unionism, and parliamentarianism versus revolution. From 1964 to 1975 the LSSP worked with the SLFP to achieve a socialist-oriented, anti-UNP government. In 1970 the United Front government consisting of the SLFP and the LSSP was victorious in the parliamentary election. In 1975 the LSSP was expelled from the government by Prime Minister Sirimavo Bandaranaike. Much of the LSSP leadership has been educated abroad (often at Patrice Lumumba University, Moscow) and, although highly educated, has failed to create a major grassroots organization.

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- The *Sri Lanka Mahajana Party (Sri Lanka People's Party—SLMP)* is a splinter group from the SLFP, begun in January 1984 by SLFP vice president T. B. Ilangaratne and Chandrika, Mrs. Bandaranaike's daughter. They broke with the SLFP, claiming it has become too capitalist in orientation and strayed from the socialist path. The SLMP purports to be the "true socialist party." The party may rejoin the SLFP as other splinter groups have in the past to form opposition coalitions during elections.
- The *Janatha Vimukthi Peramuna (People's Liberation Front—JVP)* was founded in 1964 as a semi-clandestine organization to appeal to rural, unemployed, Sinhalese Buddhist youths. The party's leader, Rohana Wijeweera, expelled from the Ceylon Communist Party, began meeting with a group of leftists to establish "true" Marxism/Leninism in Sri Lanka. The founders limited their support by refusing to work with other leftwing organizations, but they attracted enough disaffected young people to their cause to mount a major insurrection in April 1971 that stunned the country. The insurrection was contained after several weeks. Some 1,200 people were killed, mostly students; more than 14,000 were arrested or detained; and the JVP was officially banned. The party regained legal status in 1977 and has been slowly reorganizing and gaining membership, estimated in 1981 to be 30,000. JVP candidates were allowed to run for office in 1982. Communist countries and international terrorist organizations, such as the USSR, North Korea, and the PLO, are thought to supply financial support to the JVP.
- The *Mahajana Eksath Peramuna (People's United Front—MEP)*, originally a splinter group from the LSSP, is a Sinhalese nationalist party founded by Phillip Gunawardene in 1950. He was the party's only elected member of Parliament and was a member of the Cabinet from 1965 to 1970. One of the pioneers of the Marxist movement in Sri Lanka, Gunawardene moved away from doctrinaire Marxism-Leninism toward less extreme socialist economic goals and a close identification with Sinhalese-Buddhist objectives. Once a powerful and middle-of-the-road socialist party, the MEP has been on the decline since Gunawardene's death in 1972.

#### The Judiciary

Sri Lanka's judiciary consists of a Supreme Court, a Court of Appeals, a High Court, and a number of subordinate courts. Parliament at its discretion may create additional courts and tribunals and may replace, abolish, or amend the powers and jurisdictions of any given court. Judges of the Supreme Court and the Court of Appeals are appointed by the President and may be removed only for misbehavior or incapacity by the President with approval of the Parliament. The Supreme Court, composed of a Chief Justice and six to 10 other judges, has original jurisdiction on constitutional matters, the protection of fundamental rights, election petitions, breach of privileges of Parliament, and any other matters that Parliament legislates. It is also the final appellate court.

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Although the judicial system is in large part an inheritance from the British colonial administration, Ceylonese law is complicated by the concerns of the country's ethnic communities. Common and civil law regarding property, marriage, and inheritance are mixtures of Dutch, British, Muslim, upcountry (Kandyan), and low-country Sinhalese customs. The Muslim community maintains regional courts to adjudicate its affairs.

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#### Communal Relations

Caste and community loyalties have always colored most Sri Lankans' perceptions of politics. National and local elections are hotly contested, and a high proportion of the electorate regularly turns out at the polls—generally to vote for the representative of their ethnic or religious group.

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**Embers of Communal Conflict.** Communal friction between Sinhalese nationalist groups and minority Tamils has been a persistent challenge to Sri Lanka's leaders, especially since 1977 when riots first challenged the capacity of the central government to contain the conflict.

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The causes of the violence between the religious and ethnic communities of Sri Lanka lie not in philosophical differences between the Hindus and Buddhists,

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Communal rioting destroyed large parts of downtown Colombo during summer 1983. Mobs of Sinhalese raged through the capital for five days, burning and looting Tamil properties.

but in the different responses of each community to the colonial experience. The traditional Sinhalese leadership was drawn from the highest caste, the landowning Goviyagama, whose power was (and is) based on control of land and profits from agriculture. In general, this class retreated from the colonial challenge and sought refuge for their traditional life in the mountainous interior of the country. Their accommodation was grudging, at best.

The leadership of the Tamil community was more adaptable. Drawn largely from the relatively high Vellala caste, they proved themselves to be able merchants, traders, and financiers within the Sinhalese settlements of coastal Sri Lanka. They quickly learned the language and customs of the colonial administration. Because Tamils in Singapore, Madras, and other South Asian coastal centers were a part of the colonial administration, Sri Lankan Tamils had immediate access to an invaluable network of foreign contacts that the insular Sinhalese lacked.

Following independence, forming constituencies increasingly followed communal lines and became the basis of subsequent political groupings. A party's electoral success grew in proportion to its ability to appeal to a particular ethnic or religious group. Each succeeding election campaign was marked by increasingly extreme stands on communal issues and more frequent outbreaks of ethnic violence.

### *Sinhalese-Tamil Relations*

*Tensions between the two racial groups flared initially in 1956 when the SLFP government came to power with the promise of making Sinhala the only official language in Sri Lanka. This led to promises by Tamil leaders to "attain freedom for Tamil-speaking people of Ceylon by the establishment of an autonomous Tamil state on a linguistic basis within the framework of a federal union." The demand for total separation came in 1976 when the Tamil United Liberation Front (TULF) was formed and a list of grievances drafted. The first trial of strength by the separatists was during the parliamentary election in July 1977. TULF sought endorsement of "Eelam," a Tamil nation comprising all geographically contiguous areas claimed as traditional homelands of the Tamils in the country. TULF won all the seats in the Northern Province and three of four seats in the Eastern Province.*

*Despite their clear majority on the island, the Sinhalese fear the intervention of 50-60 million foreign Tamils scattered from Southeast Asia to the Middle East and the Caribbean. The fear of racial extinction dates back thousands of years when Sinhalese territory was invaded by the Tamils of south India.*

*Official discrimination against Tamils began after their demand for parity in national affairs in 1948. The Sinhalese, in a racial backlash, passed laws requiring Tamil students to have higher marks on university entrance examinations and restricting their opportunities to study abroad. Although Tamils are largely Hindu, Buddhism was promoted in Tamil areas through an increase in the number of government-supported Buddhist schools.*

*President Jayewardene is sensitive to the issue of Tamil grievances and in January 1984 convened a conference with representatives from nearly every religious and ethnic group to solve the communal tensions that plague the country.*



Tamil schoolboys gather outside their school in Jaffna, capital of the Northern Province and center of Sri Lanka's Tamil culture.

**Communalism and Politics.** The competition for power and leadership between the two communities gained rapid momentum following independence. Communal violence—language riots, land encroachment disputes, and terrorist incidents—has become a recurring feature of Sri Lankan society. Political parties moved quickly to secure communal constituencies, and the political life of the country has continued to be colored by communal favoritism.

By the time of the general election of 1956—only eight years after independence—Sinhalese parties had assumed control of the government and drove the only Tamil party out of the mainstream of political life.

### **Politicization of the Buddhist Monkhood**

By the end of the 19th century, the rising tide of nationalism helped foster a resurgence of Buddhism and other Sinhalese traditions. The number of monks in the country rapidly increased, and they became a highly vocal, politicized body actively involved in the independence struggle.

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Buddhist monks are prevented from running for public office by their religious vows, but to be successful in public life every Sinhalese politician must court the monks and seek their blessing if he hopes to secure popular support. This tradition has further guaranteed that members of minority religious communities are excluded from the political process.

With the advent of radio and mass communications throughout the country, prominent Buddhist monks have been able to shape public opinion through sermons broadcast weekly from the country's important monasteries. Monks have become national martyrs to Sinhalese chauvinism. A prominent landmark in downtown Colombo commemorates the death of a monk who was killed leading a demonstration calling for Sinhala to be made the national language.

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Although the "Sinhalese Only" position proved untenable in implementation, no Tamil political group has been reintegrated into the nation's official political life, and the Tamils remain a group outside the government.

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By the 1970s the Tamil demand for increased autonomy was institutionalized in the founding of the major Tamil political party, the Tamil United Liberation Front. The TULF, third-largest party in terms of voter support, is too narrowly based to become an alternative to the UNP or the SLFP—both dominated

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### *Tamil Insurgent Organizations*

*Tamil dissident groups have drawn most of their active members from unemployed, frustrated university students, a group that has most acutely felt the effects of Colombo's discriminatory educational and employment practices. Such students have also been exposed to the international rhetoric of terrorism and have characterized their movements as "People's Liberation," "Resistance to Genocide," and other slogans reminiscent of international terrorism.*

*of dissident sympathies. We believe none of these groups consist of more than a few dozen hardcore members at any one time. The most important groups are listed below in order of their prominence and level of activity:*

- *People's Liberation Organization of Tamil Eelam (PLOTE), also known as Tamil State Liberation Tigers, TSLT. Founded by Uma Maheshwaran in the mid-1970s, PLOTE is the major group in the Vavuniya-Batticaloa-Trincomalee area and is believed to have nearly 2,000 members of which perhaps 50 to 75 are hardcore cadre.*
- *Tamil Eelam Republican Army (TERA). Also led by Uma Maheshwaran; considered to be the more radical wing of PLOTE.*
- *Liberation Tigers of Tamil Eelam (LTTE), also known as Terros. Founded by Velupillai Prabhakaran in 1974; central cadre is estimated to be about 50 men, all drawn from the Karaiyyar (fishing) caste; strongest in the Jaffna-Point Pedro area.*
- *Tamil Eelam Liberation Army (TELA). Founded by Kuttimani (killed in the Colombo prison riots of July 1983); then led by Kulasegaram Devasegaram (also known as Oberoi Devan), who was assassinated by the rival LTTE in August 1983.*
- *Tamil Eelam Liberation Organization (TELO). Founded in 1974 by members of a subgroup of the Karaiyyar (fishing) caste, which specializes in smuggling between India and Sri Lanka; several of its leaders died in July 1983 in riots in Welikade Prison, Colombo; the resulting leadership vacuum has been filled by the 35-year-old Sri Sabaratnam*

*We believe the insurgents are well financed and maintain large stores of arms obtained from robberies of security forces and police stations and through contacts in the Middle East. The expatriate Sri Lankan Tamil community is well organized and remits substantial sums to the insurgents. Bank robberies are another source of funding and have been a special favorite of the PLOTE and LTTE groups.*

*The term "Tigers" came into use in Sri Lanka in the mid-1970s to identify members of the Tamil extremist separatist organizations representing a wide range*

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*(also called Tall Sri). The group has claimed responsibility for several police killings, bank robberies, and the execution of numerous informers.*

- General Union of Eelam Students (GUES). *Founded in 1977 as a student group for political action by Eliyathamby Ratnasabapathy; almost all of the group's members are Tamil students abroad.*
  - Eelam Revolutionary Organization of Students (EROS). *Leadership broke with Ratnasabapathy and GUES in 1980. Under the direction of V. Balakumar (known as Bank Bala for his many robberies), it now has its headquarters in Madras, India. Reported to be the parent organization of the more militant EPRLF.*
  - Eelam People's Revolutionary Liberation Front (EPRLF). *Led by U. Ranjan and V. Perumal; claims to have more than 600 members training in India. Refers to its action squads as the People's Liberation Army (PLA), which claimed responsibility for kidnaping two US AID workers in Jaffna in May 1984.*
  - Tamil Eelam Liberation Front (TELF). *Broke with the more moderate Tamil United Liberation Front (TULF) in 1981; led by Kovi Mahesan and V. Dharmalingam.*
  - Cobras. *Local Tamil group in the Batticaloa area; said to represent local Tamil and Muslim interests distinct from the Jaffna groups.*
- 

by Sinhalese—and has no aspirations for national leadership. By commanding 18 seats in Parliament, TULF became the official opposition from 1980 until its prohibition for espousing separatism in October 1983. While in Parliament, TULF remained aloof from political activity, voting only on those issues that touched on Tamil affairs. [REDACTED]

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Although the TULF has been the only minority party to reach national prominence in the country, it has been hamstrung by its commitment to work for a separate Tamil state and its recognition that no useful purpose would be served by launching a confrontation with the predominantly Sinhalese government on this issue. Since its official banning by the government, the TULF has become increasingly irrelevant to the separatist effort, as the momentum of the struggle has passed into the radical insurgents' hands. TULF's efforts at peaceful negotiations were overtaken by guerrilla violence and the ferocity of the Sinhalese chauvinist backlash. [REDACTED]

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**Communalism and Sri Lanka's Future.** The increasing rigidity of communal politics and the continuing failure of legislative responses to communal demands—either Sinhalese or Tamil—fostered the growth of radical elements within all sectors of Sri Lankan society. Disaffected Tamil youths formed armed "Tiger" organizations in the mid-1970s that have been responsible for bombings, robberies, and political assassinations. Elected Tamil officials who have tried to voice moderate Tamil demands for communal equity have faced the possibility of murder by Tamil extremists for failing to take a strong enough stand on communal issues. At the same time, Sinhalese formed secret gangs to terrorize Tamils living in predominantly Sinhalese areas. Scholarly research suggests that the JVP Marxist insurgents who disrupted the country in 1971 began collaborating with both the Tamil Tigers and extremist Sinhalese groups by 1984. [REDACTED]

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**Major Communal Riots Since Independence (1948)**

June 1956	Crowds of more than 10,000 Sinhalese attack peaceful Tamil demonstration calling for language equality with Sinhala. [ ]
Spring 1958	Failure of the Bandaranaike-Chelvanayakam Agreement to create a Tamil state within a national federal government results in mass riots and the movement of thousands of Tamils to Jaffna. [ ]
April 1961	National emergency imposed to halt riots following Tamil Federal Party's peaceful demonstrations for language equality. [ ]
January 1966	Sinhalese in Colombo riot following passage of Tamil Language Special Provisions Act; large numbers of Tamils flee north. [ ]
July 1975	Assassination of mayor of Jaffna (a Tamil) by Tamil insurgents for cooperating with the predominantly Sinhalese central government provokes local rioting. [ ]
August 1977	Communal violence originating in Jaffna spreads to urban areas of south Sri Lanka; 120 dead, 50,000 displaced, and 5,000 Tamils move to Jaffna. [ ]
Summer 1979	Following dissident attacks and riots, state of emergency declared in Jaffna. [ ]
November 1979	Sinhalese security forces clash with Tamil demonstrators, burn the Tamil manuscript collection of the Jaffna Library. [ ]
Spring 1983	More than a dozen insurgent incidents leave over 30 dead, 100 wounded, several hundred arrested, and the imposition of an islandwide curfew. [ ]
July 1983	Following increased guerrilla attacks in the northern part of the island, Sinhalese mobs in Colombo and other southern cities riot, leaving more than 400 dead and 130,000 Tamils displaced. [ ]
March 1984	Widespread guerrilla attacks throughout Tamil areas in the north. [ ]
March 1984	Lalith Athulathmudali made Minister of National Security; initiates "Surveillance Zone" around the northern coastline. [ ]
April 1984	Sri Lankan Navy fires on alleged insurgent craft in Surveillance Zone, capturing five Tamil suspects and killing 13 others. [ ]
May 1984	Two US AID workers kidnaped by the EPRLF; held five days and released unharmed. [ ]

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According to scholars, Sri Lanka's recurring communal violence has hastened a deterioration of fundamental democratic processes in the country. In the name of antiterrorism, the Jayewardene administration instituted a wide variety of extraconstitutional measures in 1983-84, some of which are the hallmarks of more reactionary governments. President Jayewardene replaced the British-style prime minister/parliament system in 1980 with a relatively more rigid president/chief executive system based on the Gaullist pattern. The harsh measures adopted by Colombo in the name of reducing insurgent activities drew criticism from such international human rights organizations as Amnesty International and the United Nations and were the subject of Congressional hearings in this country in summer 1984. [ ]

Armed Forces

## Armed Forces

Sri Lanka's active 18,000-man armed forces are ill equipped, poorly trained, and poorly disciplined. Even given the strategic advantages of home terrain, popular sympathy, and perhaps initial numerical advantage, the Sri Lankan forces would be no match for an invading modern force and have difficulty in coping with internal dissidents. [ ]

The military is plagued with mismanagement, favoritism, and other administrative problems. Although the Army has not been involved in politics as in many other parts of the Third World, scholarly studies reveal a history of inept coup planning by the military. Political maneuvering by members of the government to assure control of the armed forces has sapped morale and commitment. Initial appointment to all branches is dependent upon patronage by a member of Parliament. All subsequent opportunities for training, advancement, and other perquisites are as much a function of political alliances as talent and achievement. [ ]

The military is overwhelmingly Sinhalese, a factor that seriously hinders the military's ability to deal with Tamils. Soldiers participated in the Colombo riots of July 1983. The President—who is also commander in chief of the armed forces—did not discipline soldiers found guilty of reprisals against Tamil civilians. [ ]

We believe the military's repressive tactics have further radicalized the Tamil citizenry and destroyed any rapport that might have existed between Colombo and the Tamil population. In regions where Tamils are in a majority, the security forces are seen as an army of occupation. Tamils note that the Sinhalese soldiers administering the area have to recruit Tamil-speaking Muslims to communicate with the population. [ ]

The minority Tamil community is underrepresented in the armed forces for several reasons. Nearly a third of all Tamils are ineligible because they are not property owners. The military tends to recruit and promote Sinhalese over Tamils, and instruction at the officer training school is in Sinhala, thus handicapping Tamil officer applicants. [ ]

### *Sri Lankan Military Strength*

#### *Ground Forces*

<i>Personnel</i>	13,000 (active) 8,000 (reserve) 12,000 (volunteer force)	
<i>Major formations</i>	5 infantry regiments 1 commando squadron 1 artillery regiment 1 armored reconnaissance regiment 1 engineer regiment 1 signal regiment	25X1
<i>Artillery mortars (various)</i>	138	

<i>Field (including AA) pieces</i>	66	
<i>Armor (APCs and so forth)</i>	46	
<i>Transports (various)</i>	332	25X1

#### *Navy*

<i>Personnel</i>	2,700 (active strength)	
<i>Ships</i>		
<i>Patrol craft</i>	31	
<i>Yard/service craft</i>	1	25X1

#### *Air Force*

<i>Personnel</i>	2,270 (active) 1,100 (reserve)	
<i>Aircraft</i>	51 (no fighters; transport responsibilities only) fixed wing—26 prop helicopters—9 turbine other—11 (various states of repair)	25X1

#### *Paramilitary*

<i>Personnel</i>		
<i>National Police Force</i>	17,000	

[ ]

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**Army**

The Army has an authorized strength of 21,000 personnel. Approximately 13,000 are regulars, augmented by a volunteer force of 12,000 men, of whom approximately one-third are on active duty at any one time. Military service is not compulsory. Army enlistment, for a minimum of five years, is permitted at 18. The Army Commander exercises overall command and coordination for all three services in times of national emergency. [REDACTED]

The Army is responsible for defending national territory, assisting in internal security, and participating in civic action projects. The formal structure of the Army is a carryover from the British colonial period. The officer corps follows Western theories of military doctrine and organization. Most foreign training is either in the United Kingdom or the United States. The Army leadership is conservative and slow to adapt to new methods or ideas. [REDACTED]

The Army in January 1981 completed a total reorganization to correct longstanding command and control problems. The Regular Force, Volunteer Force, Regular Force Reserve, and Volunteer Force Reserve were combined into a single force. The reorganization attempted to make the Army more responsive to communal problems that were likely to arise in the northern sector of the country in the face of growing racial discontent. The majority of the Army's assets remain garrisoned, however, either in Colombo or at Panagoda, approximately 25 kilometers to the south-east of the capital, reflecting the Army's continuing preoccupation with security in the capital area. [REDACTED]

The Army is dependent upon foreign sources for military materiel of all kinds. Supply levels have improved over the last few years, but they are not believed to be sufficient to sustain full-scale operations for long. Operational readiness is also severely limited by a lack of skilled technicians and maintenance personnel. [REDACTED]

Sri Lanka's materiel acquisitions from a number of countries have left the Army with a wide range of obsolete equipment and a logistic nightmare. Before 1971 most of the Army's equipment was of World War II British manufacture. Although much of this materiel remains in use, the 1971 insurgency resulted

in a large influx of equipment from the United Kingdom, the United States, the Soviet Union, China, Yugoslavia, and India. [REDACTED]

**Navy**

The 2,700-man Sri Lankan Navy is barely capable of meeting its mission to conduct coastal patrols, contain illegal immigration and smuggling, assist in maintaining internal security, and participate in civic action projects. [REDACTED]

Command of the Navy is vested in the Commander of the Navy, assisted by the Naval Board of Management and Administration. The Navy is headquartered at Colombo, although the principal naval base is at Trincomalee on the east coast. [REDACTED]

The Navy's effectiveness is severely restricted by geography, equipment, and personnel problems:

- The ships are generally in poor repair because of a chronic lack of spare parts, often resulting in cannibalization of existing ships. Materiel procurement procedures are cumbersome.
- Leadership, morale, and training are inadequate. Poor pay, poor advancement opportunities, and political favoritism combine to make retention of qualified personnel a persistent problem.
- Sri Lanka's coastal waters are shallow, uncharted, and plagued by continually shifting sandbars. Moreover, there is a lack of navigational aids in the Palk Strait. [REDACTED]

The current 32-vessel fleet includes seven Chinese Shanghai IIs, a Soviet MOL (all medium-sized coastal vessels), and a mix of smaller ships from the United Kingdom and other countries. Colombo has approached the United States, Australia, and China with procurement requests for new coastal craft, a move that will add to the logistic nightmare of maintaining a fleet with mismatched naval hardware. [REDACTED]

The Navy has not been effective in responding to Sri Lanka's ethnic needs. Naval discipline is a serious problem. Sailors rioted during the summer of 1983 in

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Trincomalee, killing Tamil civilians and burning and looting large sections of the city. Subsequently, Colombo has not called on naval units to participate in suppressing communal unrest. [ ]

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**Air Force**

The Air Force has no real combat capability. The Air Force includes about 2,300 personnel and approximately 26 operational aircraft, most adequate for transport duty only. Chronic lack of spare parts has forced the retirement of five MIG-17s and four MIG-15s. Although Air Force personnel are considered the most elite and trustworthy of the three services, the Air Force suffers from the same problems of indiscipline and poor morale that plague the rest of the military. [ ]

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The mission of the Sri Lankan Air Force is transport, air patrol and rescue, and supporting ground operations for the internal security of the country. The Air Force also operates "Helitours," a charter tourist airlift within the island and to the Maldives, and operates two aircraft for Air Maldives. The charter service is beginning to earn foreign exchange to support spare parts acquisition and an aircraft replacement program. Present plans call for increased Air Force involvement in antismuggling operations. The charter tourist service has improved pilot morale and proficiency. [ ]

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**Paramilitary**

The country's 17,000-man police force may be called into national service at the request of the President in the event of a national emergency. Similarly, the 12,000 members of the volunteer force who regularly serve short terms of active duty in the regular Army can be pressed into emergency service by the President. Both groups are ill equipped and poorly trained, however, and cannot make a substantial contribution to national defense capabilities. The country lacks a formal paramilitary force. [ ]

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## Foreign Relations

The Jayewardene government pursues a moderate and nonaligned foreign policy. Traditionally, foreign policy concerns have been largely ignored by the electorate and have been left to the leadership of the party in power. The country's first two Prime Ministers, D. S. Senanayake and Sir John Kotelawala, followed a conservative, pro-Western policy, shifting only slightly to develop the country's nonaligned credentials among the other Afro-Asian nations emerging from colonialism. Governments formed by the Sri Lanka Freedom Party (SLFP) veered slightly leftward after the SLFP won the 1956 and 1970 elections by forming coalition governments with parties representing a range of leftist opinion. [ ]

The chief executive is the primary foreign policy decision maker in Sri Lanka. Under the Constitution the Prime Minister (President since 1980) may retain the portfolio for national defense and internal security as well as control foreign policy, and this has been done by all chief executives since 1948. Foreign policy has never been an issue in Sri Lanka's elections. [ ]

### India

Like the other smaller South Asian states, Sri Lanka pays deference to its large and militarily strong neighbor to the north, while at the same time seeking ties elsewhere to gain some leverage and protect its independence. New Delhi wants stability on the island and is eager to forestall intervention in Sri Lanka by outsiders. [ ]

Colombo's relations with New Delhi have been fragile during periods of tension and violence between Sinhalese and Tamils. The Indian Government believes ethnic violence in Sri Lanka could have serious repercussions in India's Tamil areas. Colombo's handling of communal violence in 1983 heightened Indian concerns about Sri Lanka's commitment to protect its Tamil minority. [ ]

Although the Indian Government has used its good offices to bring together representatives of the Tamil separatists and the Sri Lankan Government, New

Delhi is also granting sanctuary to Sri Lankan Tamil insurgents in Tamil Nadu and has permitted the creation of numerous training camps near New Delhi, Madras, and elsewhere in the country. We believe New Delhi's support for Sri Lanka's Tamil separatists probably is an attempt to control a movement it cannot eradicate. [ ]

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Since India and Sri Lanka gained independence from the United Kingdom in 1948, both countries have been involved in resolving the citizenship status of the nearly 1.5-million stateless Tamil estate workers in Sri Lanka. More than half of these "Indian Tamils" were repatriated to Tamil Nadu under a series of agreements between New Delhi and Colombo. The status of the remaining 825,000 is still unresolved, but Colombo is likely to award them Sri Lankan citizenship to curry favor with India and deprive New Delhi of a rationale to meddle in Sri Lankan internal affairs. [ ]

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### Sri Lanka Within the Region

Sri Lanka has been an active participant in a number of regional political and economic programs within an organization called South Asian Regional Cooperation (SARC). Since 1980, Sri Lankan representatives have met regularly with their counterparts from Nepal, Bhutan, India, Bangladesh, Pakistan, and the Maldives to develop SARC into a permanent regional organization similar to the European Economic Community or the Association of Southeast Asian Nations (ASEAN). These efforts have been stymied by New Delhi's reluctance to enter into multilateral arrangements with its smaller neighbors. [ ]

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Colombo has petitioned ASEAN twice to be admitted as a full member and been rejected both times. Under both UNP and SLFP governments, Sri Lanka has consistently attempted to create strong bilateral ties with its neighbors in the region to offset India's enormous influence in Sri Lanka's political affairs.

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Under Jayewardene's direction, Colombo has sought to conclude a friendship treaty with the United States similar to the one it has with the USSR, but it has received little encouragement from Washington.

#### The West

**The United States.** Jayewardene feels a strong personal friendship toward the United States and is generally sympathetic to American values, but he is sensitive to longstanding charges by domestic critics that he is a US stooge. Jayewardene is eager to offer appealing opportunities to US and other foreign companies. Sri Lanka has openly welcomed visits by US naval vessels.

Relations with the United States were often less cordial under previous governments. A major crisis occurred in 1962 when the SLFP government nationalized the US-owned Esso Standard Eastern and Caltex distribution facilities. When the government refused to pay adequate compensation, the United States suspended economic assistance. In April 1965 a new UNP government negotiated a compensation agreement. Five years later, the SLFP returned to power. Fulfilling its campaign promises, it expelled Peace Corps and Ford Foundation personnel. During the mid-1970s the Bandaranaike government eased its more radical positions, and relations slowly improved.

Before 1974 relations with the United States were complicated by the conflict between the island's economic needs and US legislation regarding China. In 1952 the United States cut economic aid to Sri Lanka when the rubber-rice barter agreement was signed. US aid resumed in 1956 but was terminated again in 1963 when Sri Lanka nationalized US-owned petroleum-processing plants. Aid was resumed in 1965, but Prime Minister Sirimavo Bandaranaike decreased US aid levels in 1970, when she terminated a number of US programs in the island, claiming they were fronts for US intelligence operations.

**The United Kingdom.** Colombo has benefited substantially from its close relationship with the United Kingdom. When Sri Lanka became a republic in 1972, Colombo chose to remain in the Commonwealth largely to maintain its special trading relationship

with London's international tea markets and the military advantage to be gained by Commonwealth membership. Both UNP and SLFP governments have used the Commonwealth to advantage as a forum to solicit development funds and to enlarge its role in international affairs. The United Kingdom dominates a development program referred to as the Colombo Plan, which has provided millions of dollars of development aid to the poorer nations of the region, such as Sri Lanka.

#### The USSR

Sri Lanka's relations with Moscow vary depending on the degree to which Colombo wants to emphasize its nonaligned credentials. Since 1970 relations with the Soviet Union have been cool. During Prime Minister Sirimavo Bandaranaike's visit to Moscow in 1970, Soviet President Brezhnev did not receive her, and, in retaliation, Bandaranaike ignored a high-level Soviet official who visited Colombo. Soviet offers of aid were refused or put on hold. Colombo's denunciations of Soviet intervention in Afghanistan and Vietnamese interference in Cambodia have contributed to the cool relations. President Jayewardene, known for his pro-West leanings, has canceled a Soviet-sponsored project.

#### China

Sri Lanka's ties with China have been closer and more cordial than with any other Communist state and are reflected in Sri Lanka's almost immediate recognition of the Communist government in 1949, the bilateral rice-rubber agreement of 1952, and the two countries' similar foreign policy concerns. China is Sri Lanka's major Communist trade and aid partner. Loans from China for economic development projects, though not extensive, have concentrated in areas important to Sri Lankans like the Mahaweli Development Plan and the Ginganga Flood Protection Project. Given Sri Lanka's good relations with both India and China, Colombo took a neutral position toward the Sino-Indian border conflict of 1962.

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## US Interests

US political and economic interests in Sri Lanka are largely strategic and ideological. Sri Lanka poses no threat, direct or indirect, to vital American interests. In general, relations between Washington and Colombo have been good. Since 1977 bilateral relations between the two countries improved following the election of J. R. Jayewardene and his restructuring of the country's political and economic orientation along more liberal lines. [ ]

US interests in Sri Lanka have to be viewed against the larger concern for Sri Lanka's role in the overall political stability of South Asia. Instability in Sri Lanka could lead to far more serious regional consequences affecting India and Indo-US relations. Regional disputes between India and Sri Lanka might lead the Sri Lankan Government to seek US involvement. [ ]

### Economic Assistance

US aid to Sri Lanka has been substantial—both monetary and material—and under the Jayewardene government has become an important aspect of national development planning. Aid to Colombo from the United States for 1984 totaled \$110 million, with a small decrease projected for 1985 (\$88 million) and a leveling off of commitments at approximately \$100 million per year for the following four years. [ ]

The US Agency for International Development's analysis of Sri Lanka's development needs emphasizes the shift from the previous need for resource transfer to one focused on the priorities of private-sector development, technology transfer and research, and institutional development. Although US Title II and Title III food and money will continue to support a number of nutrition programs, the overall goal of AID policy is to assist Sri Lanka in becoming independent in food production and resource utilization. [ ]

The emphasis in US aid programs to Sri Lanka shifted during the late 1970s and early 1980s to fulfill the country's overall development needs. Earlier funds provided by the United States—as well as other

members of the international donor community—supported the initial development of major national irrigation and power projects. As these projects have come on line, further aid has been tied to the completion of downstream development programs related to these massive dams and reservoirs. Current planning calls for the completion of farm water management programs, irrigation diversification schemes, and establishment of farmer training organizations to support the new settlers who are to be brought into the new projects. [ ]

Since 1977 US aid policies toward Sri Lanka have shifted from the strictly governmental to an emphasis on private US contractors and nonprofit groups. Consequently, aid activities through US private voluntary organizations have grown rapidly. These organizations were involved in more than 20 development programs in 1984. The programs emphasize small-scale village and social development. Almost all have been carried out in concert with indigenous private institutions active throughout the country. [ ]

### Military

Although US military training programs for Sri Lanka remain modest in comparison with other allied programs, the expenditure for the US International Military Education and Training Program (IMET) has grown from \$26,000 in 1979 (two trainees) to more than \$150,000 in 1984 (26 trainees). Colombo values this exchange very highly both for the quality of training involved and for the symbolic importance of participating with the United States in military preparedness training. Colombo perceives the program as an international symbol of US commitment to friendship and cooperation with the democratic reforms and economic liberalization efforts made over the past few years by the Jayewardene government. [ ]

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Sri Lanka's main ports—Colombo and Trincomalee—are open to ship visits by vessels of friendly nations. More than a dozen US vessels visited these two ports in 1983. Personnel from these ships spent an estimated \$5 million while on shore leave. These visits are highly symbolic for Colombo, and the government attempts to balance the number and nature of US and Soviet ship visits to preserve and enhance its standing among the world's nonaligned nations. [REDACTED]

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**Trade**

Trade between the United States and Sri Lanka is expanding. In 1983 imports from the United States amounted to \$114 million, 31 percent of which was wheat. Almost all of the wheat was sold under the PL 480 concessionary sales program. Imports from the United States rose by 16 percent in 1983, and the United States was in sixth place among suppliers to Sri Lanka with a 6.4-percent share of the country's imports. Exports to the United States totaled \$185 million, 75 percent of which was textiles and garments. As exports to the United States increased 29 percent over the 1982 level, the United States remained in first place as a market for Sri Lankan exports with a 17-percent share of the country's exports. [REDACTED]

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**Investments**

US direct investment in Sri Lanka is estimated at a modest \$7-8 million. American Express, Bank of America, and Citibank all have branch offices in Colombo, and Girard Bank has opened a representative office. Other major US investments include IBM, Pfizer, Singer, Union Carbide, and Warner-Hudnut, all of which have manufacturing facilities aimed at the domestic market. In addition, there are several other prospective US investments in Sri Lanka that would collectively multiply the dollar equity several-fold. Two electronics firms, Harris Corporation and Motorola, have signed agreements for semiconductor production plants to be built in the near future. [REDACTED]

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**Confidential****Chronology**

B.C. 500	Sinhalese arrive on the island from northern India.
400	Buddhism introduced.
200	First major irrigation reservoir constructed.
200	Anuradhapura, seat of Sinhalese kings and capital for 1,200 years, is established.
A.D. 100	Contact with China established.
1200	Tamils establish kingdom in northern part of island.
1517	Portuguese build fort at Colombo.
1638-58	Dutch drive out the Portuguese and gain control of entire island except for Kandy, which remains independent.
1802	Ceylon is ceded to Great Britain by Treaty of Amiens and becomes Britain's first crown colony.
1815	British take Kandy and exile Kandyan king to India.
1930s	Communal differences lead to formation of political parties.
1931	Limited self-rule by State Council inaugurated. Elections through universal franchise.
1947	First parliamentary elections held, Ceylon granted internal self-government; D. S. Senanayake (UNP) becomes first Prime Minister.
1948	New Ceylonese Constitution comes into effect; Ceylon becomes an independent dominion within the British Commonwealth.
1950	Colombo Plan for the cooperative development of South and Southeast Asian nations is set up.
1952	First "rice-for-rubber" agreement concluded with China.
1953	Prime Minister Dudley Senanayake resigns after widespread opposition to withdrawal of government rice subsidy.
1955	Ceylon admitted to United Nations.

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- 1956 S. W. R. D. Bandaranaike becomes Prime Minister. "Sinhala Only" legislation passed, making Sinhalese the official language.
- 1957 British military bases turned over to the Ceylonese Government.
- 1958 Communal riots between Sinhalese and Tamils; loss of life and extensive property damage; government declares state of emergency.
- 1959 Prime Minister Bandaranaike assassinated by Buddhist monk.
- 1960 Sirimavo Bandaranaike elected Prime Minister.
- 1961 State of emergency declared in Northern and Eastern Provinces over Tamil civil disobedience protesting government language policies.
- 1963 US economic aid suspended for two years because of Ceylon's failure to compensate US oil companies for expropriated properties.
- 1965 Pro-Western United National Party wins national elections; Dudley Senanayake becomes Prime Minister.
- 1966 Communal riots in Colombo result in a government-declared state of emergency.
- 1970 SLFP-led coalition with the leading leftist parties win seventh election; Sirimavo Bandaranaike becomes Prime Minister for the second time.
- 1977 J. R. Jayewardene and UNP win overwhelming victory in elections; lead country toward free market economy; communal riots result in government declaring state of emergency.
- 1978 Communal violence; new Constitution introduces Gaullist system, replacing position of prime minister by president.
- 1982 Jayewardene amends the Constitution to allow for early presidential elections in which he is returned for another six years.  
  
Jayewardene amends the Constitution to allow a public referendum to extend the current Parliament for another six years.
- 1983 July Major cities racked by worst ethnic violence in the country's history; Jaffna flooded with Tamil refugees.
- 1983 December With urging from the Government of India, Jayewardene inaugurates "All-Party Conference" to seek answer to country's ethnic problems.
- 1984 Periodic violence erupts in the north as Tamil dissidents increase pressure on security forces.



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## Statistical Summary

### Government

Official name: Democratic Socialist Republic of Sri Lanka

Capital: Colombo

Type: independent state since 1948; constitutional parliamentary democracy; head of state—President

Political subdivisions: nine provinces, 24 administrative districts, and four categories of semiautonomous elected local governments

Legal system: a highly complex mixture of English common law, Roman-Dutch, and Muslim law, as well as Sinhalese and Tamil customary law; strong, independent judiciary; has not accepted compulsory ICJ jurisdiction

Government leader: J. R. Jayewardene, President

Suffrage: universal over 18

Elections: national elections ordinarily held every six years

#### Political parties and leaders:

- Sri Lanka Freedom Party (SLFP), Sirimavo Ratwatte Dias Bandaranaike
- Lanka Sama Samaja Party (LSSP; Trotskyite), C. R. de Silva
- Sama Samaja Party, V. Nanayakkara
- Tamil United Liberation Front (TULF), A. Amirthalingam
- United National Party (UNP), J. R. Jayewardene
- Communist Party/Moscow, K. P. Silva
- Communist Party/Beijing, N. Shanmugathan
- Mahajana Eksath Peramuna (MEP; People's United Front), M. B. Ratnayaka
- Janatha Vimukthi Peramuna (JVP; People's Liberation Front), Rohana Wijeweera
- All-Ceylon Tamil Congress, Kumar Ponnambalam
- Sri Lanka Mahajana Party (SLMP), T. B. Ilangaratne, Chandrika Bandaranaike, and Vijaya Kumaranatunga

#### Voting strength (October 1982 presidential election):

UNP	52.91 percent
SLFP	39.07 percent
JVP	4.18 percent
All-Ceylon Tamil Congress	2.67 percent
LSSP	0.9 percent

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Communists: approximately 107,000 voted for the Communist Party in the July 1977 general election; Communist Party/Moscow approximately 5,000 members (1975); Communist Party/Peking approximately 1,000 members (1970)

Other political or pressure groups: Buddhist clergy, Sinhalese Buddhist lay groups; far-left violent revolutionary groups; labor unions

Member of: ADB, ANRPC, Colombo Plan, Commonwealth, FAO, G-77, GATT, IAEA, IBRD, ICAO, IDA, IFAD, IFC, ILO, IMF, IMO, INTELSAT, IPU, IRC, ITU, NAM, UN, UNESCO, UPU, WFTU, WHO, WIPO, WMO, and WTO

**Land**

65,610 square kilometers (approximately the size of West Virginia)  
44 percent forest  
31 percent waste, urban, or other  
25 percent cultivated

**Water**

Limits of territorial waters (claimed): 12-nautical-mile (fishing 200 nautical mile, plus pearling in the Gulf of Mannar; 200-nautical-mile exclusive economic zone)

Coastline: 1,340 km

**People**

Population: 15,925,000 (July 1984); average annual growth rate 1.8 percent

Ethnic divisions: 74 percent Sinhalese, 18 percent Tamil, 7 percent Moor, 1 percent other

Religion: 69 percent Buddhist, 15 percent Hindu, 8 percent Muslim, 8 percent Christian, 0.1 percent other

Language: Sinhala official; Sinhala and Tamil listed as national languages; English commonly used in government and spoken by about 10 percent of the population

Literacy: 84.8 percent

Labor force: 4 million; 15 percent unemployed; employed persons—45.9 percent agriculture, 13.3 percent mining and manufacturing, 12.4 percent trade and transport, 28.5 percent services and other extensive underemployment

Organized labor: about one-third of the labor force, over half of which employed on tea, rubber, and coconut estates

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**Economy**

GDP: \$5.2 billion (1983)

1983 real GDP growth: 4.9 percent

Per capita income: \$330 (1983)

Agriculture: 24 percent of the GDP (1983); main crops—tea, rubber, coconuts, and rice; national diet—2,060 calories and 42 grams protein per day per capita (1977)

Fishing: catch 176,720 metric tons (1982)

Major industries: processing of rubber, tea, and other agricultural commodities; manufacture of consumer goods, garment industry

Electric power: 562,000 kw capacity (1982); 2 billion kWh produced (1982); 130 kWh per capita

Exports: \$1.1 billion (f.o.b., 1983); tea, rubber, petroleum products, textiles

Imports: \$1.9 billion (c.i.f., 1983); petroleum, machinery, food, and consumer goods

Major trade partners: (1982) exports—14 percent United States, 6 percent United Kingdom; imports—15 percent Saudi Arabia, 14 percent Japan

Budget: (1983) revenue \$1.2 billion, expenditure \$1.7 billion

Monetary conversion rate: 25.161 rupees = \$1 (1983 average)

Fiscal year: 1 January–31 December

**Communications**

Railroads: 1,496-km total (1980); all broad gauge (1.435-meters); 102-km double track; no electrification; government-owned

Highways: 66,176-km total (1979); 24,300-km paved (mostly bituminous treated), 28,916-km crushed stone or gravel, 12,960-km improved earth or unimproved earth; in addition, several thousand kilometers of tracks, mostly unmotorable

Inland waterways: 430 km; navigable by shallow-draft craft

Pipelines: crude, 13 km; refined products, 77 km

Ports: three major, nine minor

Civil air: eight major transport (including one leased)



Airfields: 14 total, 11 usable; 11 with permanent-surface runways; 1 with runways 2,440 to 3,659 meters, eight with runways 1,220 to 2,439 meters

Telecommunications: good international service; 75,000 (estimated) telephones (0.5 per 100 population); 16 AM stations, two FM stations, and one TV ground station; submarine cables extend to India; one ground satellite station

**Defense Forces**

Branches: Army, Air Force, Navy, Police Force

Military manpower: active military personnel, 19,000; males 15 to 49, 4.2 million; 3.3 million fit for military service; 185,000 reach military age (18) annually

Military budget: for fiscal year ending 31 December 1984, \$93.5 million, 5.4 percent of central government current budget (estimate)



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